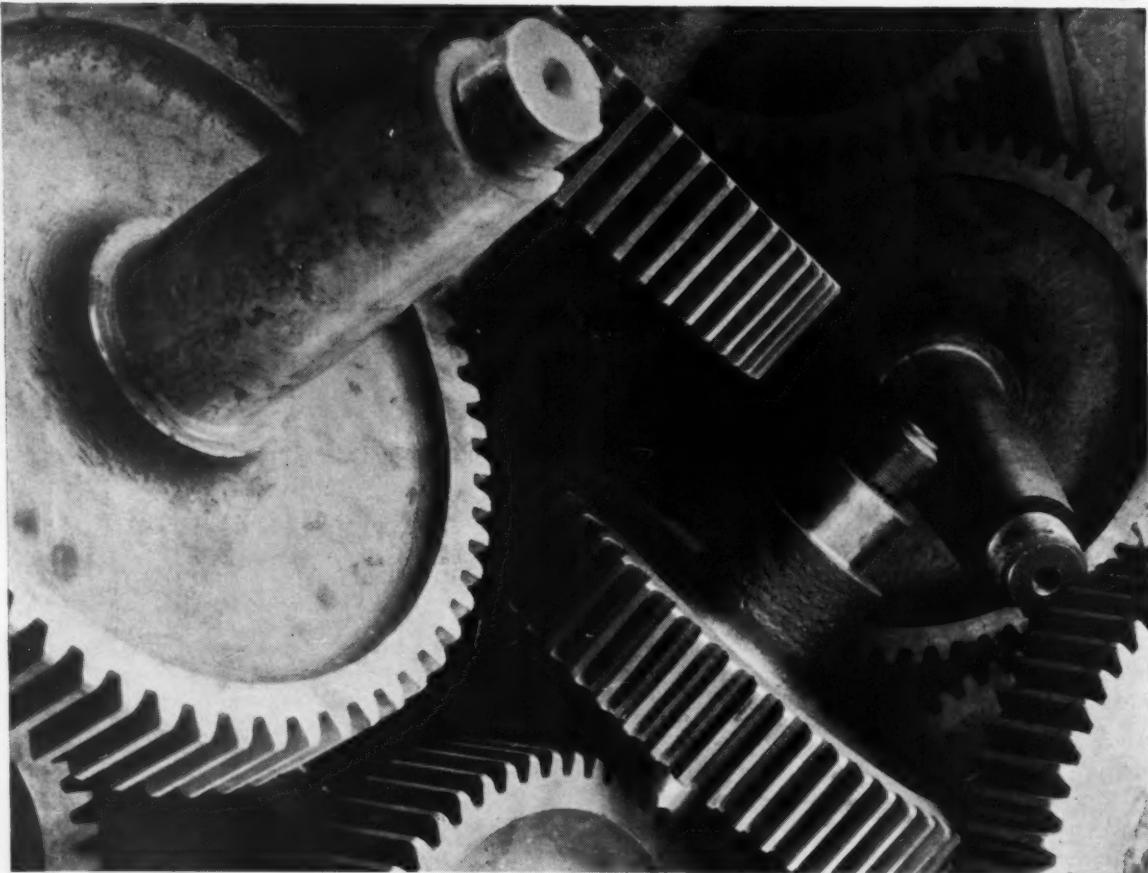


JUN 6 1939

Snider-Triangle



## *Power in Preparation,*

**NOW—Just a pile of gears—**

**TOMORROW-- with planned assembling,  
proper meshing and applied force, Power  
under Control.**

**YOU, too, can develop your mental machinery,  
get in mesh with credit trends, and apply your  
energy to increase your capacity.**

**FORGE FORWARD — by training in credit management.**

*The first step—fill in and send us the coupon below.*



**National Institute of Credit**

1 Park Ave.  
New York

Please send me details of your Credit and Collection Course, without obligation to me.

Name ..... .

Address ..... .

City ..... 639 State .....

# *An "Honest Face"* *may cost you a Fortune!*

## *...unless you follow the \*NEW way of buying insurance*



It's just as impossible to tell *who* may steal corporate funds—and *how* and *when* they may do it—as it is to predict when a fire or an automobile accident will occur!

You have only to read the papers to realize that embezzlements often run into hundreds of thousands—even millions. *A dishonesty loss in your business might prove to be a catastrophe.*

So it's essential to see that you—and your clients and customers, whose fortunes are linked with *yours*—are properly protected through the NEW way of buying insurance.

The NEW way is the exact opposite of the old hit-or-miss way of just "taking out" policies.

It's based on a complete analysis of your risks—covers you first of all against those that are most dangerous.

To learn more about the NEW way, call Western Union (in Canada, call Canadian National Telegraphs) and ask for the name of the nearest Hartford representative. Or get in touch with your own insurance broker.

\*This is called the NEW way because it is new to most buyers of insurance. But as a method of fitting an insurance program to the buyer's needs, it has long been practised by agents of the Hartford.



**Hartford Fire Insurance Company**  
**Hartford Accident and Indemnity Company**

HARTFORD, CONNECTICUT

# Credit

AND FINANCIAL MANAGEMENT

## Contents for June, 1939

We Come of Age.....	Henry H. Heimann.....	4
Helping Retailers Get Cash.....	W. C. Steffensmeyer.....	6
How the Mind of the Debtor Works.....	Harvey Lee Marcoux.....	10
Streamlined Credit Forms.....	E. B. Odenkirk.....	12
Bad Debt Loss Survey.....	Dr. Wilford L. White.....	16
Host City for Credit Congress—IV.....	Lee M. Woodruff.....	22
A Factor's Views on Assignments.....	William Hurd Hillyer.....	24
N.A.C.M. Day at New York World's Fair.....		26
Future of Wholesaling.....	George J. Hearn, Jr.....	28
News About Credit Matters.....		33
Credit Congress Program.....		37
Industry Group Programs.....		38
Food Co-op Costs.....		45
Group Solves Oil Problems.....		48
The Business Thermometer.....		53

*Manufacturers' Sales, Collections and Accounts Receivable  
Wholesalers' Sales, Collections, Accounts Receivable and Inventories*

*Cover: Montage by George Cowdery, Old Masters Studio, N. Y. (N. Y. World's Fair  
Photo from Underwood & Underwood, N. Y.—Golden Gate Exposition Photocourtesy  
of Exposition Publicity Department)*

Official Publication of the National Association of Credit Men  
One Park Avenue, New York, N. Y. 1309 Noble Street, Philadelphia, Pa.

Richard G. Tobin  
Editor and Manager

Paul Haase  
Associate Editor

Clifford T. Rogers  
Advertising Manager

ESTABLISHED 1898

VOLUME 41, No. 6

Published on the fifth of each month by the National Association of Credit Men, 1309 Noble Street, Philadelphia, Pennsylvania. Entered as second class matter December 22, 1933, at the Post Office at Philadelphia, Pa., under the Act of March 3, 1879. Subscription price, \$3.00 per year, 25c per copy; Canada, \$3.50; all other countries, \$4.00 postpaid. Copyright, 1939, National Association of Credit Men. The National Association of Credit Men is responsible only for official Association statements and announcements printed herein.

# "I Want an Extra Copy"

That's Just One of Many Messages in Response  
to the Announcement of Henry H. Heimann's  
New Book

## America's Balance Sheet

### *Here's What a Few Said Even Before They Saw the Book*

"I want the extra copy for my son when he comes home from college this June. If he reads it, he may forget some of the ideas the 'profs' have put in his head about the evils of business."

"Herewith is a check for three copies. One goes to my business daddy who was my teacher in credit work starting back 22 years ago and who has been retired for the past four years. I know he will enjoy your book for he always reads your editorials and Monthly Letters."

"Thanks for sending me the announcement of Mr. Heimann's new book, America's Balance Sheet. I have read one or two of the articles listed in the table of contents, and I would like very much to have all of his best articles in one book. Please see that I get an autographed copy."

"Having been one who has very assiduously read Mr. Heimann's letters and articles, I appreciate the immense value of this work, as well as the generosity of Mr. Heimann in permitting this publication."

"Whatever Mr. Heimann says is worth listening to and whatever he writes is instructive and mighty well worth reading, so that the writer looks forward to the receipt of this interesting book."

"It is with interest that we note that in May your book 'America's Balance Sheet' will be available. I should like to register an advance order for two copies, one for me; and the other for my son, who is a student in Commerce at the University of Alabama. One of these books will go into my personal library; and it would be greatly appreciated if you could autograph that copy for me."

Orders have come in every mail from all parts of the country.

Many have ordered two or more copies.

The response to the idea of collecting Mr. Heimann's best writings and utterances in book form has been even greater than anticipated by the National Board of Directors.

You will want a copy for your business library, so we urge you to send in your order at once.

#### Publications Dept.

National Association of Credit Men  
One Park Ave., N. Y. C.

Send me a copy of Henry Heimann's new book, America's Balance Sheet, and your invoice for \$3.00.

Name.....

Company.....

City.....

State.....

# We Come of Age

**EN** The World War made us a creditor nation. We did not know how to play the new role. It has only been in recent years that we have realized that policies and programs befitting a debtor nation must largely be revised if, as a creditor nation, we are to prove worthy of the trust and the responsibilities.

By force of necessity our position as a nation attracting immigrants was altered during and immediately after the war. We are still groping about endeavoring to cope with conditions in part due to our restriction of immigration.

Once again the state of continual change in our world has been well illustrated in recent weeks by the announcement that Brazil is preparing to receive a migration of our nation's marginal farming population. It is doubtful whether this migration will become a rapid development. Despite all the hue and cry to the contrary, this nation is still a land of great opportunity. Agriculturally we are not overcrowded.

But the mere thought of a migration from this nation is arresting; it foreshadows the competition ahead; it presages a shift in our world services.

In the days of tomorrow the oft-heard admonition of Horace Greeley, "Go West, Young Man, Go West!", may be altered for much of the world's attention is now focused upon the potentially rich American nations in the southern hemisphere.

In a changing world a new entry appears in the record of historic changes. The United States has come of age. And that means the buoyancy of youth must be replaced by more careful planning and programming for the virile maturity of this great nation's life.

Henry H. Hinman

### **Executive Manager, N.A.C.M.**

# LONG DISTANCE ADDS WARM PERSONALITY TO COLD FACTS



Cut-and-dried methods in collection work often fall short of expectation. That's why Long Distance telephone service is favored more and more for this work.

For Long Distance permits the personal approach. It enables you to exercise tact and persuasion. It is the ideal way to deal with discount matters, credit references, overdue accounts.

Nothing quite equals the tones of the human voice for cutting through the complexity of cold facts and figures with warm personality . . . for conveying a spirit of co-operation. But, also, Long Distance is *quick, direct, clear . . . and effective* in getting results.

It's cheaper now than ever before. Try it and see.



# Helping Retailers Get Cash

## A Plan That Liquidates Old Accounts

By W. C. Steffensmeyer, Treasurer, Sidles Company, Lincoln, Neb.

**S**Before delving into this subject I would like to say that the statements made, the examples given, and the suggestions offered, are based on personal knowledge gained by experience and observation in contacting retailers of various commodities in the middle west and by discussions with credit managers and bankers in other districts.

In speaking of credit education of the retail merchant, it is understood that any program of that nature would only consist of endeavors to enlighten and assist the retailer in credit matters and the things kindred to credits.

The purpose of the program, primarily, being to improve credit conditions for the wholesaler and develop a better and more friendly understanding between wholesalers and retailers, it will be readily seen that the program must cover credit problems of the retailer with his patrons and with the wholesalers.

Naturally, improved credit conditions will mean general business improvement. The success of such a program depends largely upon the spirit with which the wholesalers enter into it.

### To Help Smaller Retailers

Generally speaking, the larger specialized retailers in the larger and more metropolitan towns and cities are more or less credit conscious and we must concede that the department stores, considered as a class, have well developed credit systems and methods. It can, therefore, be seen that smaller retailers in larger centers and the retailers in smaller towns, are the ones with whom we, as wholesalers, must become better acquainted and endeavor to be more helpful if we are to accomplish our objective.

It is agreed that the best method to employ to get a boy to do what you want, is to first help him do what he wants to do. So we should first show the retailer what to do to better his own position before we try to educate him to transact his business with us in our way.

It has been found by personal inquiry among the retailers in the class referred to, that there is a distinct realization of the need of constructive advice and suggestions on credit matters and business management. In



most cases the merchants have been so busy trying to increase sales, that they have neglected the very important part of their business, and the wholesalers have likewise been so eager for increased sales that they, in most cases, have also failed to recognize the major problem of their customers which has been a real resistance to sales.

### Do Something About Collections

The stability of many small retail establishments has been seriously affected and numerous failures have occurred while the merchant was waiting for the end of the depression so he could collect accounts receivable, or hoping some solution would present itself. At least a good portion of those losses and much of the trouble of the jobber could have been averted by the application of more sound credit and business policies by the retailer.

Retail credit associations have done much to make the retailer credit minded, but the sad part of the situation is that most of the small retailers in distress are non-members from choice, or because there is no association or credit exchange group available.

Business men in many small towns loyally support service clubs such as Rotary, and have Chambers of Commerce, and certainly would support an organization for the betterment or preservation of their business. As a matter of fact, many retailers already recognize the need of organized effort for preserving the assets of their business which have been converted into accounts receivable.

### How Cooperation Works Out

They are trying to collect old accounts, but find it difficult and cannot regulate new accounts because of the lax credit policies of other local merchants who feel that more strict policies would result in loss of business.

To support the statement that some retailers recognize the need of organized effort, I will relate the developments from a personal collection call which I made on a druggist in a Nebraska town of 1400 population.

In answer to inquiry as to why the account had gone unpaid, the druggist offered the common excuse that when sales had fallen off, he had found that many of his patrons who were generally a little slow pay, but considered good,

were owing a number of other business men and he feared that if he insisted on settlement or larger payments, he would lose their business to competition. In the conversation that followed, it was pointed out to the druggist that if he would contact the other druggists and explain his situation, that he would no doubt find about the same condition existing relative to accounts receivable and that there would no doubt be a willingness on the part of not only the other druggists, but the grocers, the butchers, the clothiers and most every business man to cooperate in exchanging information about slow pay accounts and by so doing, they could all prevent such top-heavy accounts and collect more easily because the patron would soon realize that he could no longer go around the circle buying a little and letting it run several months while he bought from someone else until necessary to pay the first merchant, so he could again obtain credit there while the other merchants waited for their money.

It was also suggested that to keep up interest and obtain the best results, it would be well to have weekly or semi-monthly meetings and a chairman might be appointed monthly to conduct the meetings systematically.

#### ***Small Cost to Each Merchant***

Two months later when passing through the town, I called on the druggist and learned that not only had the suggestions been followed, but a man who had formerly been county treasurer and was very well acquainted in the community had agreed to act as permanent secretary for the merchants, and was really conducting a small credit bureau which was proving so satisfactory that the merchants were very glad to each pay monthly for the service, an amount somewhat greater than the membership charge in credit associations in larger towns.

As every credit executive who makes personal calls on dealers or retail merchants is well aware, many of those dealers and retailers have a common fault. They pay little attention and give little consideration to bulletins or literature pertaining to matters of this kind, simply glancing at them and laying them aside because they feel they cannot take the time to read and consider them, just as they sometimes do with letters about such important matters as the accounts they owe the wholesalers.

It can be seen, therefore, that to successfully conduct a credit educational program, it must be a personal contact campaign. A sort of whispering campaign conducted by not only a few, but by *all* wholesalers through per-

sonal contacts of members of their credit department, their salesmen and other representatives who must do their best to make the retailer credit conscious and advise them on credit and collection methods and urge the keeping of proper and adequate records.

#### ***The Installment Finance Plan***

As the jobbers of home appliances, stoves, etc., have promoted installment finance sales, so should they and all other wholesalers endeavor to induce retailers of all commodities to try the finance installment plan of collecting delinquent, open or unsecured accounts as a means of reducing receivables and wholesale accounts payable. We should impress upon the retailer, that on credit patrons who have a sound credit background, but for some reason have become delinquent on their account, it is better to arrange an installment payment plan for a reasonable period of time and continue to serve them on a regular weekly or monthly settlement basis than to lose that business while waiting for the patron to accumulate enough money to pay the full account and in the meantime make his purchases elsewhere.

#### ***Special Warning by the Author—***

In making this recommendation that notes covering delinquent accounts be pledged as collateral, it is not intended as a substitute for the general plan of assigning accounts receivable considered by most credit men and financiers as a rather unsatisfactory practice, especially because in the majority of cases where assignment of accounts are made, no general ledger record is made of such assignment and as a result the assignment very frequently is not shown on the financial statement of the business unless a special form is provided in which is a specific inquiry about assignments. It is easy to see, therefore, that too frequently, knowledge regarding assignments of accounts is not available to creditors.

In recommending pledging of notes, jobbers should urge the retailer to treat such notes as a special class and in a special general ledger account. That should be done for the information of the retailer and so the exact amount will be available for financial statements. The retailer should quickly realize that by special account of such special notes and proper explanation on financial statements, it will be to his credit for using that means of liquidating long past-due accounts rather than to his discredit for assigning accounts receivable. If the practice of accurate listing in financial statements is continued, there will be no real necessity for the much talked-of legislation requiring recording of assignments of accounts receivable.

ment collection item in the usual sense.

#### ***Store Traffic is Helped***

The makers of the notes may make their installment payments to the retailer. Store traffic is thus developed. The retailer may pay at regular intervals on the bank loan. In larger places where banks have personal loan departments, or there are personal loan finance companies, the patron may pay direct to the finance office to whom the retailer has sold the note with recourse. This practice is already in use by many department stores and larger retailers and is not unknown to the wholesalers, and while the majority of smaller retailers are either unfamiliar with the plan or hesitate to use it, there are some who have tried the installment payment plan and found that it is practical and a great help in collecting accounts and raising money which is very much needed in the business.

While there are, of course, some places where the bank does not have sufficient cash balance to readily loan even

on collateral or chattel loans, in most localities banks do have the money to loan to worthy business men and will be more liberal when collateral or chattels are pledged. On the theory that it is usually easier to collect a given amount when there are a number of people concerned than where only one is interested, the bank is surely justified in being more liberal, and it is my contention that it is the job of the wholesalers to show the retailer the way just as the appliance manufacturer and jobbers have shown their dealers that more sales and more profits can be made by finance installment selling.

The finance installment method of selling has been a lifesaver for many retailers and has proven that consumers can and will pay obligations of comparatively larger amounts if it can be arranged on monthly installment plan.

#### **Bank Plan Is Best**

It may be said here that while the disposal of finance sales contracts can usually be arranged with finance companies who render a very fine service, it is easy to understand that it should be more satisfactory to all concerned if the retailer can arrange to turn such paper to his banker as collateral in the same manner as notes to cover accounts. Not only will such arrangements develop a closer relationship with the bank, but will help the wholesalers get their money sooner and enable the retailer in many cases, to make a little money on the difference between the interest they pay on the bank loan and the carrying charge on contracts and interest on notes covering accounts.

It will be found that in some of the smaller towns, the bank is willing to loan direct to the purchaser without the endorsement of the retailer. In some cases the bank will loan the full unpaid balance on the contract note with the endorsement of the retailer and again, because the retailer lacks financial strength, the bank may require the contract notes as collateral to a loan to the retailer and require collateral of a greater amount than the loan. This is really no different than the practice of finance companies, of holding a certain percent of the face of the contract note until the note is paid in full when the so-called hold-back is paid to the retailer.

#### **Other Advantages of the Plan**

Even with some restrictions such as mentioned, it is, in most cases, better for the retailer to deal with the bank than with the finance companies because the responsibility for repossession of chattels is always on the retailer and in such cases the retailer must always pay the finance company at once. Finance companies will not loan on contract notes without the endorsement of the wholesaler or manufacturer unless an extra high finance charge is made on the contract to provide a liberal reserve for losses and if such endorsement or reserve was available for the banks in the smaller towns, it would not be necessary for many retailers to turn their contracts to finance companies because the banks, knowing many of the purchasers and their records, and being in position to give close follow up, could handle much more paper and to the liking of the purchaser and advantage of the retailer.

Please remember, there is no axe to grind with the finance companies because they are giving a good service, but after all, it is the duty of the wholesalers to assist their patrons, the retailers, and if they can do so by sug-

gesting these possibilities to the retailer, they should do so. In some cases jobber representatives could even assist the retailer in making arrangements with the bank. It has been my pleasure to do so in a number of cases and the arrangement has, in each case, proven satisfactory and profitable for all concerned because it has developed a greater volume of sales for the retailer.

#### **Good Accounting Necessary**

The retailer must be made to realize that a close follow up on collections is necessary and in connection with the follow up, must go accurate keeping of accounts and records; not necessarily an elaborate machine setup unless the volume of business transacted requires such equipment to handle the detail; but a simplified accurate accounting procedure which will give a true picture of the financial structure of the business. We must try to make the retailer realize that, in these times of special government taxes, wage regulation and what not, accurate accounting is essential, and that when he is able to supply the desired financial information and show his banker and the wholesalers that he employs good credit methods in his business, he will more easily obtain accommodations when desired or necessary.

It is not the intention to convey the thought that the jobber should supply an accounting or auditing service as is done by some national organizations, but the wholesalers should earnestly endeavor to impress on the retailer the necessity of accurate records. When the business of the retailer will not support a full-time bookkeeper and the business man is unable to keep the records properly, or does not have the inclination, he should be urged to obtain the services of someone who is engaged to do such work for more than one small business. Such people are nearly always available.

Some very commendable work has been done by a few wholesale grocers. While they have assisted their complete stock patrons in business and credit matters, they have concentrated their efforts largely on stock arrangement and improvement of store appearance and there is still opportunity for additional instruction in credit matters generally.

#### **Plan Helps Wholesalers**

Having discussed all these angles, we now come to methods and problems of the wholesaler. There can be no denying the fact that if retailers had a better understanding of the methods and problems of the wholesalers, it would eliminate much misunderstanding and simplify collection problems of the wholesaler.

After having endeavored to assist the retailers with their problems, it should not be difficult to get them to appreciate the position of wholesalers and get more co-operation from them.

Many retail merchants and dealers give but little thought to the collection problems of the wholesaler. We, as wholesalers, must bring the retailers to realize that we have about the same collection problems that they do, and when they fail to pay their account to the wholesaler, they make it doubly difficult because of the short terms on which the wholesaler is obliged to purchase his stocks.

#### **Wholesalers as Bankers**

Too many retailers with reasonably good credit are using the wholesalers for bankers. They think it entirely

all right to pay about one month after due date and by doing so with all their wholesale accounts, they are really using wholesalers for bankers, because if it was possible to eliminate that practice, the retailer would be obliged to borrow from the banker or employ more capital in his business. Some retailers would rather put more pressure on their collections than ask their banker for a loan which is just what they should do. Every wholesaler should be interested in correcting the abuse of credit terms and join in the crusade against the practice. More will be said about this later.

Now the question arises, how is all this educational work to be accomplished? First of all, there must be a united and concerted effort by the wholesalers, not by just a few, but the majority, as nearly all as possible. The wholesaler that does not take part in the campaign is not only shirking a moral responsibility, but is making the task more difficult for others and is working against the best interest of all.

#### *Credit Men Should Act Together*

Credit Managers or executives in charge of credits should, of course, conduct the campaign because they are most familiar with the subject.

Inclosures of brief concise articles with statements and letters, is a very good method of starting the campaign, because in addition to getting right to the subject, it paves the way for a personal interview on the matter.

Salesmen and other representatives usually not so credit minded, can and should be instructed on the program and in many cases will be able to put the entire program across to his customer, the retailer, and in many other cases, get the customer sufficiently interested so he will call on the credit manager for advice and instruction.

Personal contracts by credit managers are not always possible because of policy of the house or because of lack of competent office assistants and absence in such cases might prove detrimental. When an organization is large enough to permit time for such calls, it cannot be denied that they are very beneficial in many ways and would be especially helpful in this campaign. The credit manager, naturally, could more intelligently explain the advantages to be gained by the retailer in a program of this kind, even on a first call and if previous contacts had been made, could naturally do the job easier and more effectively.

#### *Personal Contacts Helpful*

The knowledge of the individual retailer which is gained by personal contacts, would assist greatly in education and would greatly help the credit manager in the extension of credit. In collection correspondence, the credit manager who has called on the retailer, certainly

has an advantage, because with the personal knowledge of the manner of operation of the retailer's business, he certainly can more intelligently frame his correspondence and the retailer will be more receptive of collection requests and suggestions received by mail.

The credit manager who makes personal calls on retail merchants, can be a real educator and a builder of confidence. After becoming better acquainted, it is a common thing for the retailer to regard the credit manager more as a friend and advisor and will counsel with him before entering into a scheme of high-powered salesmen or before attempting expansion on snap judgment. That can really be done, and it surely should be a part of the program of education and business improvement.

Previous reference to a lack of regard for the wholesalers terms of sale was from a different viewpoint than will be mentioned now. In presenting the matter of terms to the retailer, it would be well to explain that wholesalers now benefit by individual and group exchange of ledger experience and generally are informed when a retailer is a chronic term violator. It may produce a psychological effect which would be very pleasing, especially, when it is explained that the same sort of exchange of ledger experience between retailers and more confidence in each other would, many times, prevent opening accounts with chronic slow-pay people or at least result in a quicker follow up on collections from such customers.

It may not be out of line at this time to urge the wholesalers to be more friendly and cooperative about ledger experience. Trade group meetings of the wholesalers have proven very beneficial and profitable and the wholesale credit managers who are not attending such meetings when they are available are really passing up a source of valuable information which is obtainable at a minimum cost.

Furthermore trade groups afford a good opportunity for development of uniform credit terms and practices making it easier to educate and keep in line on their accounts the retailers served by that group of wholesalers.

A very good example of what can be done in education along those lines has been accomplished in California where some of the trade groups operate on what is known as the "Green Sheet" plan. While similar plans have been tried in this section by some groups, and have been discontinued, the "Green Sheet" plan has been used very successfully in California for a number of years. The groups using the plan have some very strict rules regarding handling of delinquent accounts and some very strict methods of enforcing group rules and policies.

There can be little, if any, argument about the merits of the "Green Sheet" plan to keep accounts in line and teach retailers that the jobbers' terms must be respected.

# How the Mind of the Debtor Works

## The Psychology of Collection Appeals

By Harvey Lee Marcoux, Professor of Business English,  
College of Commerce and Business Administration  
Tulane University of Louisiana

The collection of debts by means of letters is primarily a problem in psychology. It consists of finding out what wrong processes of thought and feeling are responsible for the debtor's delinquency and of so rectifying these that payment is forthcoming. Hard and bitter collection experience, it is true, has discovered ways of bringing pressure to bear upon the customer which in a hit-or-miss fashion do "get the money and keep the customer." But that the problem is still with us in a very insistent form is shown by the perennial interest in new collection systems, clever collection letters, and the numerous magazine articles on the subject.

It seems reasonable to suppose that scientific psychology, studying closely for many years the mental processes of man, should be able to shed light on the problem. To see some of the practical applications of our study may take a little patience, but credit men have been schooled to that virtue in a very hard school.

### *Creating “That Urge”*

For our purposes, man may be said to be a mass of wants and aversions. Since his actions revolve around these and the means of satisfying them, we must understand them in order to influence him in the credit transaction. Wants remain dormant—just below the surface of the mind, as it were—until some external or internal stimulus activates them. They do not become active of their own accord, nor do they subside until they have been satisfied. In view of our future task of turning certain dormant wants into urges, we must remember that man is a selective organism; he selects out of his environment the objects that are to serve as stimuli, and only occasionally is he stimulated to action unawares. The following letter may make the process clearer:

104 Weeks subscription  
(No renewal of your subscription  
is necessary.)

Dear Subscriber:  
I know this account  
I realize that our  
of other matters, I  
If yours were the  
books, I should be  
quarterly reminder  
to attend to it.  
But ours is a busin  
they are not raid

Dear Sir:

Dear Sir:

Most business men consider good reference as one of their biggest assets, and for this reason do everything within their power to keep their credit good. What could we say if inquiry were to be made of us as to our experience with you in a financial way?

Only this morning we had such an inquiry regarding one of our good tenants, and it was a genuine pleasure to be able to reply that these people had lived with us for over a year and that their rent had been paid in advance, and no rent was past due at the time.

Why don't you get your account into the same state? It is like adding new capital to your business.

Reputation is surely something you cannot afford to ignore. I candidly don't believe you have intentionally done so. We shall look forward to hearing from you by next mail.

Yours very truly,

Upon reading this letter, the debtor is faced with the choice between heeding the want to conserve his cash against other pressures and the want to protect his credit reputation. A skilful letter like the one quoted stimulates the second want to activity.

We May Win But Lose

All wants which man possesses at birth or which appear later as a result of normal maturation are known as primary wants. Needing little stimulation, they may be classified roughly under the headings of sex, ego, and self-preservation. Though we know that in appealing to these we are most likely to get action, we must remember that the strong feeling accompanying them is liable to produce unpleasant consequences. If we arouse the urge to self-preservation by threatening to sue for a debt, we may collect the money only to lose the account. Thus we shall weigh all the possible results before stimulating a primary want.

Secondary wants are those which are peculiar to men who have grown up in a similar social environment. Less strong than the primary wants, they function largely as a means of satisfying these. The want of the approval of others, the want to be with others, the want to dominate—these are secondary wants commonly stimulated in collection letters. Wants peculiar to individuals are known as tertiary wants. Because of their nature they do not enter into form letters, but may be aroused in dictated letters when the personal

104	<i>Weeks subscription to TIME</i>	<i>\$8 00</i>
<i>(To renew or cancel your subscription to the date written under your name, in accordance with your order.)</i>		
<p>Dear Subscriber:</p> <p>I know this account with you is as good as gold.</p> <p>I realize that our bill is small and, in the press of other matters, has been overlooked.</p> <p>If yours were the only small account we had on our books, I should be pleased to send no more than a quarterly reminder until it suited your convenience to attend to it.</p> <p>But ours is a business of small accounts. When they are not paid promptly, they involve much clerical work and become a source of errors.</p> <p>Won't you co-operate and send us your check today so that we may balance your account? I shall appreciate this courtesy.</p> <p style="text-align: right;">Sincerely yours,</p> <p style="text-align: right;"><i>Ray E. Laren</i> CIRCULATION MANAGER</p>		
<p><i>If you have mailed your remittance within the last ten days please disregard this statement. We will appreciate it if you will return this bill with your remittance.</i></p>		

circumstances of the debtor are known. Here is a letter which activates a secondary want:

Dear Sir:

If we quoted you a price on merchandise at \$6.00 per dozen and then billed it at \$8.00 per dozen, what would you do? Why, "holler," of course, and you would be perfectly justified.

And if we sold you goods at sixty days' time and demanded payment in ten days, what would you do? Why, "holler" again, and you would still be justified.

But if we sell you goods at thirty days' time and you do not pay by that time, what are we to do? Or if we say "2% ten days, thirty days net" and you take the discount after twenty days' time, what then?

Or if—but why multiply words? We try to appreciate your position; will you kindly appreciate ours?

We have reference to your account amounting to \$250.00.

What's the big idea?

Yours very truly,

The appeal here is to the debtor's sense of fairness, which is activated by his want of the approval of others.

#### Conflict of Wants

What complicates the collection problem is the fact that there is often a conflict of wants. Several wants exist within a man at the same time, and at every moment their relative strength changes. There is a conflict not only between wants and the various ways of satisfying them but between certain customs and social pressures. As a result, the debtor goes through a period of indecision. Making a choice under these circumstances is one of the most tiring activities known to man. Since it necessitates extreme concentration, the longer the conflict continues, the more likely the debtor is to take some action without due thought of actual consequences.

The task of the collection writer, therefore, is to show the customer a solution of his conflict and to persuade him that it is the right one. This may be done by influencing him to choose one alternative, by showing him how to satisfy both wants, by showing him the necessity of solving the conflict, or by making an effort to keep conflicting wants apart. Sometimes the collection manager is attempting the impossible: he is trying to activate a want in the mind of the debtor when an insurmountable obstacle bars the way. If, for example, the customer does not have funds for an immediate cash settlement, such a letter as the following needs to be written:

Dear Sir:

Please refer to our previous correspondence in reference to your account with us.

Our records indicate that we have heard nothing from you since your letter of November 14th. This is in spite of the fact that we have written to you twice since then.

If you cannot meet the obligation in full at this time, why not send us at least a partial payment? This will assure us of your good intentions and so do away with the necessity of our taking further action to collect the account.

As a credit manager yourself, and you know how disagreeable it is for me to have to write in this vein, but you no doubt also realize that I am obliged to give an accounting to my company for delin-

quent accounts. At any rate I am sure you will agree that we are entitled to at least the courtesy of a reply to our letters.

We look forward to receiving such a courtesy within the next few days.

We are sending this by registered mail, as it is possible you did not receive the earlier letters.

The balance at the present time is \$77.28.

Very truly yours,

This letter has several merits. For one thing, it makes a virtue of necessity by offering an extension of time. For another, it creates sympathy by appealing to the reader's own credit experience. And lastly, it permits the reader to respond under the decent pretence of not having received previous letters.

#### Queer Tricks of Thinking

One serious obstacle with which the collection writer has to contend in persuading the debtor to meet his obligation is due to a queer trick of thinking characteristic of most human beings. A person who has a strong sentiment of some kind, such as being in love, hating another, or being badly frightened, always tries to justify his feeling on reasonable grounds when anyone challenges his attitude. Though he originally arrived at his sentiment by an emotional, not a reasoning, process, he constructs as logical-sounding a case as possible for continuing to believe or feel as he does. Because he does not want to reveal his motive for his attitude, he conceals it by plausible explanations that make it seem warranted. This trick, called rationalization, of finding reasons for one's natural or acquired desires, is often resorted to by a person when confronted with two conflicting wants.

Thus the customer who is withholding payment will often justify himself on the ground that the goods were defective, that he has received bad treatment from the company, that he is only taking the customary time to pay, or that he is entitled to special consideration from the firm. To attempt to satisfy the debtor in such a case by dealing with the reasons he offers for nonpayment is futile.

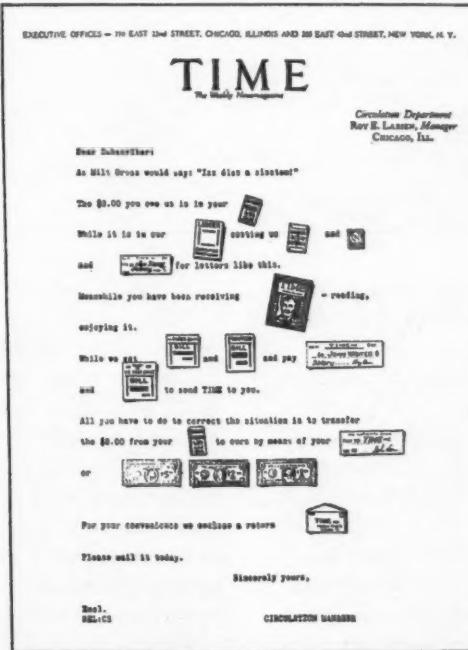
The credit man must try to find out what the real trouble is. Sometimes it is simply an unwillingness to meet his just obligation, or an attitude of irresponsibility or a lack of money. An offer by the credit department to discuss his difficulties then meets with silence or fault-finding. The final remedy may have to be unyielding insistence on the necessity of discharging the debt. The letter reproduced below disposes of such a situation:

Dear Mrs. Jones:

Your account has just been referred to me marked for "final action" and with it the whole history of the account and copies of former letters that have been written to you.

Because it is the policy of the company that every contact with our customers, whether it be selling them merchandise or collecting for it, shall be one of courteous and cordial interest in the customer's behalf, I have withheld action on this account until I could write you again.

It would be much easier for you to arrange some basis of payment on this account than to let it be sent out for collection, thereby jeopardizing your credit (Cont'd on P. 50)



# Streamlined Credit Forms

## Records Which Expedite Shipments

By E. B. Odenkirk, Assistant Treasurer, Medusa Portland Cement Co., Cleveland

**S**o surely has the horse and buggy been supplanted by the stream-lined and fleet automobile, and the grocery store stove and its nickel plated footrest and the cracker barrel, with the modern super stores; and the old dim oil train lights with modern electric fixtures on stream-lined trains—so is the old-fashioned method of carrying the customer's credit records on the corner or edge of the ledger sheet, supplanted by the modern visible records, indicating credit information.

Today, the credit department is faced with the changing times, the same as it has been necessary for many industries to change their manufacturing and merchandising methods, so must the credit department keep its system in pace with the modern demand of quick decisions and hasty shipments. In the cement industry, which is probably paralleled in many other industries, with the decline in recent years of business activity, where inventories were decreased and customers thereby became accustomed to smaller inventories and more rapid turnover, this all required prompter shipments on the part of the manufacturer, and in turn, demanded quicker decisions on the part of the credit executive.

### Quick Decisions Necessary

These decisions can only be made, by so improving or modernizing a credit system that decisions could be made promptly, and judgment backed up by reliable credit information.

Past history of our customers is a very important asset, in the compilation of credit information, and to that end, we have established records that will enable us, at a second's notice, to determine the paying habits of one or a

dozen or more customers. Later, it is hoped, this feature can be explained in such a manner as to be easily understood.

Of course, an entirely different problem confronts us when the customer comes to us as a stranger. To be able to put your finger on some dependable paying performance of a prospective or a new customer, whose order for immediate shipment may be lying in front of you, is certainly an asset to any credit executive, and fortunately in the cement industry, we have just such an aid, through the splendid functioning of the Central and Eastern Cement Credit Groups of the National Association of Credit Men.

### Saves Thousands of Dollars

This group has been functioning for a number of years, and by its past experience, has been so improved that it is now nigh on to perfect, and reveals many surprising facts, and saves for the industry many, many thousands of dollars each year. It is our belief that a customer's paying record is always a symptom of good or bad business or financial conditions.

Your writer has been a most enthusiastic supporter of group credit control for some time, and great strides have been made in this direction, but there is still much work to be done in bringing about a complete coordination of many industries, who, no doubt, would benefit greatly by it. All this requires is a friendly cooperation between competitors in certain fields, and its satisfactory operation could be best demonstrated by the tremendous saving that any industry would effect through a cooperative effort in publishing facts that would be beneficial to every one in any certain group.

Due to the ever increasing selling cost of manufactured

Medusa Portland Cement Co. FOR CREDIT DEPT.		
Customer	(Be sure that customer's name is correctly given.)	
Street	City	State
(Address of agent and business)		
Dealer		
Contractor	(If a contractor, name work or which person to call.)	
If a Corporation, under what laws?		
If a Partnership, name Partners (This information is material in drawing up contracts.)		
Banks with		
Handles following brands of cement		
Buys from the following houses (Give address)		
Impression & Remarks (Be customer progressive, wide reader, of good ability, or revenue?)		
		Salutation
Print or Type, ink or type		

goods, because of the tightening competitive pressure, no credit department can afford to stand in the path of fulfillment of orders obtained at high cost. To that end, we have so adjusted our credit system that orders can be promptly approved or disapproved as rapidly as they are placed before the proper credit officials.

### *Pat on the Back Helps Business*

It is not merely the duty of a credit executive to approve or disapprove orders, but also to aid in letting the new or the old customer know that a satisfactory credit

Form 100 Gen. 5M 7-26-35	Date _____		
CREDIT DEPARTMENT, Cleveland, Ohio			
Gentlemen: We have made shipment of order to the concern listed below. Our authority _____ Date of shipment _____			
We have in our files an order for shipment to the concern listed below subject to your credit approval. Date of shipment _____			
Name _____ Street _____			
City _____			
Is this a new account _____		Ratings _____	Authority _____
Has salesman submitted credit report _____		Dun _____	_____ _____ _____ _____
What brands cement handled _____		Brad. _____	_____ _____ _____ _____
Salesman _____		Lbr. _____	_____ _____ _____ _____
Remarks: _____ _____ _____			
Credit O. K. _____		Signed _____	

rating aids materially in the carrying out of a mutually pleasant business relationship. We find that when we have in front of us information that enables us to approve orders promptly, we are doing a genuine piece of selling when we tell that customer that he has so administered his business that his credit is above reproach, and that our job has been made easier, and his business is more profitable to him and to us by his maintaining the satisfactory credit rating that he has.

We have found that most business men cherish highly their credit rating, and are generally well pleased to be told that their efforts in this direction are favorably recognized.

We find that credit executives too often miss out in telling their highly satisfactory and well rated customers that their credit standing is "Aces High," and that it is their type of account in business that makes business profitable. This is a real aid to our selling efforts, and seldom, if ever, do we have any "kick-back" from telling the customer that his credit standing is good.

### ***Must Meet New Conditions***

As business grows, as ours has, over a period of the past forty years, from time to time it has been necessary to change our credit methods and procedures, because the larger a company becomes the more cumbersome it becomes, and the more difficult it is to coordinate its various functions.

We have tried not to overlook this fact, and have so organized our credit procedure, and keep our records in such a manner, that we can meet the demands of modern "hurry-up" needs for immediate shipment of orders. Pos-

sibly, the way we do it would be of some interest; or maybe, readers will offer us some suggestions, for which we are always on the lookout.

Our distributing territory, which is covered by the geographical location of our eight plants, is divided into as nearly equal territories as possible, and each territory is placed in the hands of a representative who is responsible to either the district or the main office for all business transactions within that area.

We expect each man to so analyze his respective "business field" that he may have a thorough picture to "unfold," to the respective office in charge, at a moment's notice.

### *Salesmen Report on Prospects*

To prepare ourselves for the prompt approval of orders on customers who are potential prospects, the representatives in the various territories send to us our regular credit form (57 General), this being sent through the District Office, and when passing through that office, they issue to us in duplicate a form (190-General) which we use for the purpose of establishing a credit limit with the various branch offices, and then, when orders come in, we are prepared to make a quick decision. Many times orders don't even have to be referred to the central credit office, where all credits are controlled. After our credit investigation or revision is completed, we merely approve the duplicate copy of Form 190-General and forward to the district office for future reference. Of course, there is that exception to the rule occasionally when an order may pop up from nowhere. Then is when our cement group of the National Association of Credit Men really demonstrates its value.

Should such a prospective customer not buy, and at some later date again become a prospective purchaser, our file then is revised to date, and our branch office notified what the rating is at the time it is modified or changed to correspond with recently developed facts.

### ***Credit Limits Established***

Definite inter-office credit limits are established on all accounts handled through district offices, which approximate eighty percent of our business; and on the other twenty percent, which is handled through the general offices, no credit limit is required because all credit information is available for hasty checking. So much for the prospective customer.

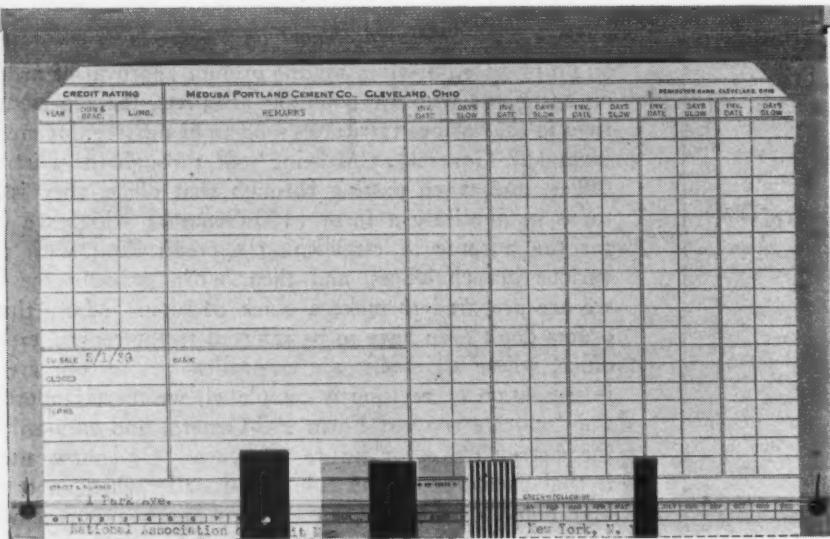
When a new customer purchases from us, which would be the case with all accounts, as they are new customers at one time or another, our branch office generally has a credit rating that will either permit them to approve or disapprove the shipment immediately, shipment is made, and we receive copy of such shipping notices, so as to double-check the branch offices, in case of a slip-up.

As soon as invoices are rendered, our accounting department makes up a new account slip (Form 301-General) and from that record, we start the compilation of a credit record which carries on for five years, and is

automatically eliminated from our credit file, if no further purchases are made in that period of time.

The master credit card is carried in a visible drawer record, on which we carry the regular commercial ratings, the date of first sale, date of last sale, when transferred from our records; also banking connections and other pertinent brief facts.

On the reverse side, the dates of shipment, the amount, and from which mill shipped; so that any one desiring to check the credit of any customer whom we have sold, we have so worked out the details of this record so that it will immediately tell as complete a story as is possible,



at a moment's glance at the record.

We find it practical to use a series of tabs, on our master cards, which is the base point, covering all credit information or records on any specific account.

The tab on the far left is a salmon colored tab, which has a small hole, which is over the numbers from 0 to 9, which gives us automatic elimination of the card from our credit record, provided the customer has not made any purchases within a period of five years. As an illustration, if a customer buys in 1939, the salmon tab would be automatically placed over the number 9, and then, if no purchases would be made in the five ensuing years, would at the end of the fifth year go through, and by merely glancing down the column of cards, immediately eliminate those customers from our credit record. A list would be made up of those particular accounts, so that if, in the future, we should sell them again, we can immediately withdraw from our transferred files the old record which is added to the new record that we carry, thereby giving us a very complete report, and antecedent information.

#### Colored Tabs Give Warnings

The next tab is a miscellaneous tab, and is to cover a

"multitude of sins." This is pink, and it indicates that orders on this customer are not to be approved without referring to their credit file, which will contain an assortment of miscellaneous credit experiences of other sellers, and our previous opinion on this particular account.

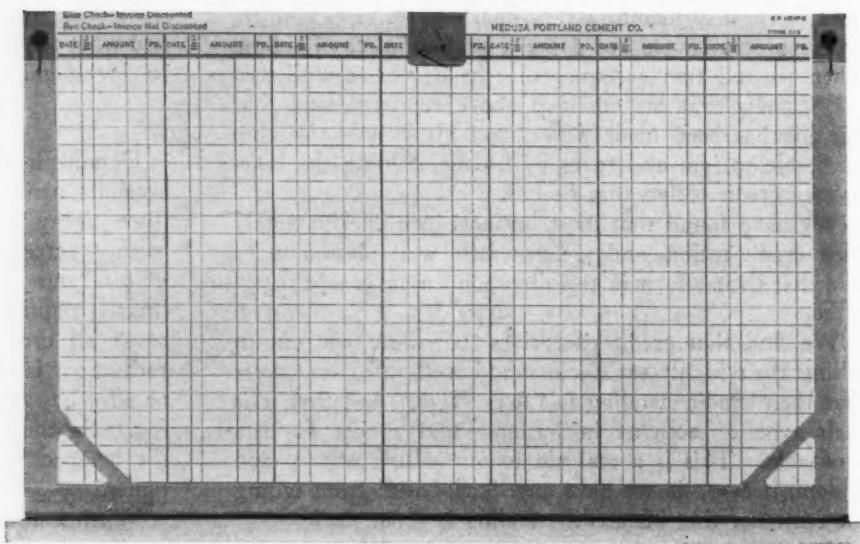
The next tab is a red one, and indicates that the account is slow, sight draft or a cash customer.

The next tab is one of considerable importance to us. This is blue, and indicates that the customer, while discounting with us, is slow in paying his bills to other suppliers.

In our particular industry, we allow a very liberal discount, and in many instances find our bills being paid before those of other suppliers, who allow a smaller and less attractive discount. It is therefore important that we keep informed on how customers are paying other bills.

The next tab is black and white, and indicates that on this particular customer we have a complete credit file, which can be referred to in our credit records.

The next tab is a green one; and as an illustration, if we were to open an account on June 15th, this green tab would be placed over June and automatically, each year on that date, the file comes up for revision. This gives us automatic revision of our credit records, as well as automatic elimination of inactive accounts. Through this procedure we guarantee ourselves



a credit system that doesn't get clogged up with obsolete information.

#### Valuable Sales Information

This record, of course, gives us further valuable sales and credit information, because, each year, we can finger down each drawer of cards and determine at a glance all the customers that we have sold in the preceding five years, year by year, and it enables us also to analyze

through the representative in the territory the exact status of all the accounts in each territory.

It is surprising how much information can be obtained, if one is curious enough to analyze all of the accounts in a certain area. It has been of material assistance to us in eliminating many undesirable conditions, as well as helped us in retaining many customers that might have otherwise been lost, for reasons unknown to us.

After our new account record has been made up from the information that originated with the posting of this new customer on our accounts receivable, our billing department then proceeds to bill this particular charge, copy of which invoice is sent to the Credit Department. The

once each month, and we have never been convinced that such a system is quite up to the modern times of doing business. In addition to rendering a real sales service, and the administration of credit affairs, with the thought of a minimum of credit losses, we feel that our present method of sending statements to our customers has contributed materially toward the maintenance of our annual low credit loss, which has been appreciably below the average in the industry. This has been helped by the method of sending statement to customers, on the first and the fifteenth of each month or, in other words, twice a month, instead of once a month.

These statements are sent only to customers whose accounts have fallen due. We make no attempt to send them to customers whose accounts are not due. We know in our business that after the first of the month, we receive many statements from people who supply us with our needs, and because accounts are not due, they generally find their way into a remote corner where seldom, if ever, are they referred to.

Our feeling has always been that a

FORM 200 GEN. MEDUSA PORTLAND CEMENT COMPANY

PAST DUE ACCOUNTS MONTH ENDING			PAST DUE LEDGER ACCOUNT						TERRITORY NO.	
CITY	STATE	NAME	1 TO 30 DAYS	30 TO 60 DAYS	60 TO 90 DAYS	90 TO 120 DAYS	120 DAYS OR OVER	LEDGER BALANCE	NOTES SHOW DUE	REMARKS

FORM 200 GEN. MEDUSA PORTLAND CEMENT COMPANY

REPORT OF PAST DUE ACCOUNTS MONTH ENDING			PAST DUE LEDGER ACCOUNT						CREDIT DEPARTMENT		
CITY	STATE	NAME	1 TO 30 DAYS	30 TO 60 DAYS	60 TO 90 DAYS	90 TO 120 DAYS	120 DAYS OR OVER	NOTES SHOW DUE	INA ITEMS	LEDGER BALANCE	REMARKS
SYMBOLS											
T A - Threatened Attorney I H A - In Hands of Attorney C A - Collection in Abeyance C D - Collection Doubtful H O - Holding Order subject to payment of past due account D N A - Discount not Allowed S X D - Sack differences S X T - Sacks in Transit S X R - Wants to return sacks to offset balance E R - Error - to be paid when sold W - White Cement P - Paint W X - Waterproofing M M - Medusa Mix											

information contained on this copy of invoice is then posted on the customer's record card, after which it is placed in a desk side rolling file cabinet, where it awaits the receipt of the customer's check, and as soon as this check is received, in the case of a new customer, the name of the bank is inserted on the face of the invoice, and after the day's checks have all been deposited, the date of payment and the banking information, etc., is posted on the customer's credit card, and this invoice is then sent to our District Office, indicating that payment has been made, so that they may release further shipments, in cases where we have a customer confined to one shipment at a time, etc.

#### *System as Automatic as Possible*

The main object in the operation of our credit system has been to provide one that is as nearly automatic as is possible, without the necessity of having to recreate notices of different characters, so as to keep our branch offices and district representatives informed of different transactions as they occur.

We try to make one piece of information do several pieces of work. You will observe that our invoice in this instance does three different jobs. First, invoice is for the customer's use, the information for our credit records, and third, notice of payment to our District offices.

Twice each month, on the 1st and the 15th, all invoices due on net terms are withdrawn from this file and statements go to customers.

For years on end, it has been the customary practice for manufacturers to send statements to their customers

statement is seldom used, excepting where it is indicating that an account has become due, in accordance with terms of sale. The method of sending statements twice a month has considerably stepped up the flow of cash.

#### *Closer Follow-up on Accounts*

We find that the method of sending statements to customers twice a month gives us a much closer follow-up on the tardy accounts, and gives us a better opportunity to re-sell the account on which we may have credit restrictions, again and again, rather than to let an unpaid account stand in the way of further business, finding that it always has been to our distinct advantage, as well as the customer's in the further transaction of a mutually satisfactory business relationship, to keep the account paid up, rather than to think you are doing the customer a favor by allowing his account to ride along. Of course, it has been difficult to weigh, in an aggregate, the benefits that may come from a policy of this kind, but individual cases and experiences have (Continued on Page 49)

# Bad Debt Loss Survey—I

## Valuable Credit Data Shown by Studies

By Dr. Wilford L. White, Chief, Marketing Research Division, Bureau of Foreign and Domestic Commerce, Department of Commerce

**G** **M** Bad debt losses sustained in 1938 by slightly more than 2,400 wholesalers located throughout the United States averaged 0.37 per cent of their total credit sales. The dollar loss for this reporting group amounted to \$7,650,228, a decrease of 9 per cent from the 1937 total of \$8,376,740.

Despite the decrease in the absolute amount of bad debt losses, the proportion to total credit sales in 1938 increased to 0.37 per cent from the 1937 ratio of 0.35 per cent. This was the result of a 13 per cent decline in credit sales, a decrease somewhat larger than the 9 per cent decline in credit losses (see Table 3).

The average percentages reported by the various lines of wholesale trade indicate that an extremely wide variation exists among the different kinds of business. At the top are found, in general, the trades handling durable goods. Thus, the highest proportionate loss was sustained by wholesalers of machinery equipment and supplies except electrical with a ratio of 0.81 per cent. Closely following came the Jewelry and Optical Goods trade with 0.79 per cent, and Leather and Shoe Furnishings with 0.78 per cent.

At the other extreme are found the wholesale trades handling non-durable consumption goods. Coal wholesalers reported bad debt losses of 0.05 per cent of their credit sales, wholesalers of meat and meat products, 0.14 per cent, and wholesalers of farm supplies, 0.18 per cent.

Closely related to this general consideration of the type of product handled is the length of the terms extended in the various trades. Thus, the first three trades mentioned above, namely, machinery, jewelry, and leather, are typically long term trades. That is, their receivables turn over at a much slower rate than average. On the other hand, the three trades with the low bad debt losses, generally require quick payment, the only exception to this being coal wholesalers, who turn over their receivables at about an average rate.

Another criterion which might account for the wide differences existing in the losses is the size of the seller's firms. It is apparent that a large volume company can afford a separate, more highly specialized credit department staffed by personnel which can devote their entire efforts to credit problems. Further, they are able to avail themselves of more complete outside services, and finally are able to substitute to some degree size, prestige, and good will for competition in credit terms. Credit terms, like prices, discounts, and special orders is a selling device which the smaller firms can legitimately use within

limits in competing among themselves and with the larger organizations in the same trade.

A glance at Table 1 and Graph 1 indicates that some of the foregoing considerations have a strong basis in fact. The largest wholesalers when classified by their 1938 sales volume, reported the smallest proportionate loss from bad debts. In 1938, the largest loss was suffered by the smallest size group and the situation improves consistently as the average-sized firm increases in volume. In other words, there is a perfect inverse relationship between size of sales and bad debt loss ratios. The situation was identical in 1937 with but one insignificant exception.

The nature of the sample of firms cooperating in this survey is not entirely typical from a credit standpoint. It will be seen from Tables 3 and 4 that wholesalers, on the average, made slightly more than 90 per cent of their sales on a credit basis. The comparable proportion for manufacturers was only a little smaller.

The Censuses of Wholesale Distribution in 1933 and 1935 showed that credit was extended for slightly more than four-fifths of the total sales of those firms doing business on a credit basis. While similar figures are not available for manufacturers this same relationship is undoubtedly true.

There are undoubtedly other factors affecting the volume of bad debt losses. Two, the size of the average account and the type of customer, will be considered in future articles in this series. In addition to these, internal organization and operating matters are involved. Bad debt losses may tend to be large or small, depending upon the location of the credit department in the sales or accounting office. Finally, the relative age of the industry may be important since the older and more established trades may operate with the lowest credit risks.

Not all of these factors are susceptible to measurement, particularly with data now available. They must be kept in mind, however, wherever an industry or a company endeavors to reduce bad debt losses by removing a few or many of the causes. Facts presented in this and subsequent articles will stimulate new thought on the subject.

### Manufacturers

Bad debt losses taken in 1938 by almost 1,600 manufacturers in a wide variety of industries located throughout the United States averaged 0.20 per cent or 0.02 per cent more than in 1937. The loss percentages for the

## Thanks!

The Bureau of Foreign and Domestic Commerce wishes to express its appreciation of the kind cooperation rendered in this First Annual Bad Debt Loss Survey by the many N. A. C. M. members and other firms. The results being presented would not have been possible without the excellent and complete reports submitted by the cooperating establishments.

Further analyses will be published in forthcoming issues of Credit and Financial Management. The Bureau will appreciate any suggestions regarding the data in the accompanying article as well as any comments which would be of aid in the further analysis of the result.

15 industry groups shown in Table 4, range from the 0.45 per cent for the printing trades to the 0.08 per cent reported by the iron and steel industry.

The extremes for the sub-groups are both found in the food and kindred products group with 18 wineries showing a loss of 1.01 per cent and 6 distilleries reporting 0.03 per cent losses.

Neither the main or sub-groups lend themselves to classification for any clear cut comparison as to factors which might affect the amount of bad debt losses. As is true of the wholesale firms reporting, the proportion of total business done on a credit basis does not seem to be important. Credit was extended for approximately 90 per cent of the total sales of all industries combined, only a slightly smaller proportion than is shown for the wholesale firms cooperating in the survey (see Table 1).

The age of the industry appears to have no bearing on the loss percentage nor is the relationship between bad debt losses and type of goods at all definite. However, there is a tendency toward a higher proportionate loss in those industries producing durable goods. This tendency is noticeable even though the losses reported by the Metals and Iron and Steel industries were among the lowest.

Analyzed by sales size groups, the bad debt losses of manufacturers tend to decline as the sales volume increases. The smallest size group with sales under \$50,000 was the only exception to the inverse relationship in 1937. This group together with the firms having sales of from \$200,000 to \$300,000 were the only exceptions in the 1938 loss ratios. In neither instance were the exceptions extreme (see Table 2).

This correlation is pictured in Chart 2 and is only a little less definite than that shown for wholesalers in Chart 1.

Undoubtedly, the same considerations of this relationship that were developed when discussing the wholesale figures, are of equal importance in analyzing the results for manufacturers.

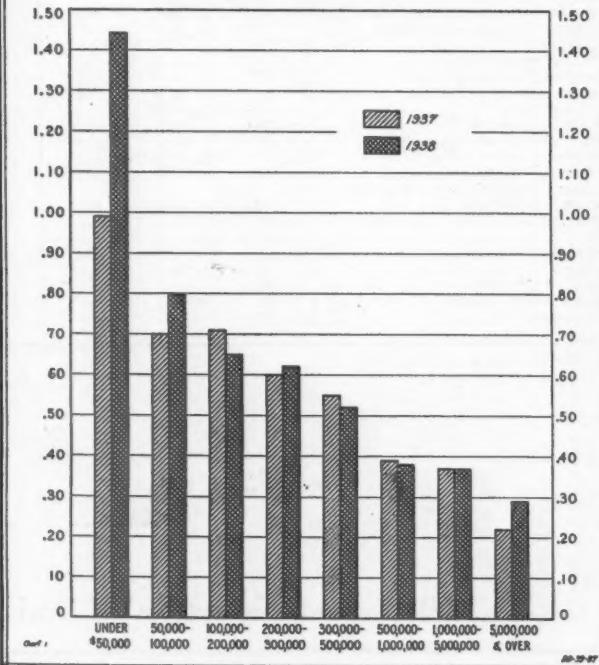
Further analysis of these figures will be presented in subsequent issues of this publication and in the final report to be issued later this summer by the Bureau of Foreign and Domestic Commerce.

Figures will be presented as to the average credit sales per account, the average number of accounts, and the number of accounts written off. The first of these items in particular probably has a considerable influence on the

bad debt loss record, both between firms and between different trades and industries.

Although the proportions involved are small, the dollars involved run into the millions annually. Any new light thrown upon this part of industry should be of great value to the business man who is interested in improving his own standards of operation and increasing the value of the consumers' dollar and his own net profits. Any constructive suggestions will be genuinely appreciated.

BAD DEBT LOSS PERCENTAGES  
OF WHOLESALERS BY  
SALES SIZE GROUPS



BAD DEBT LOSS PERCENTAGES  
OF MANUFACTURERS BY  
SALES SIZE GROUPS

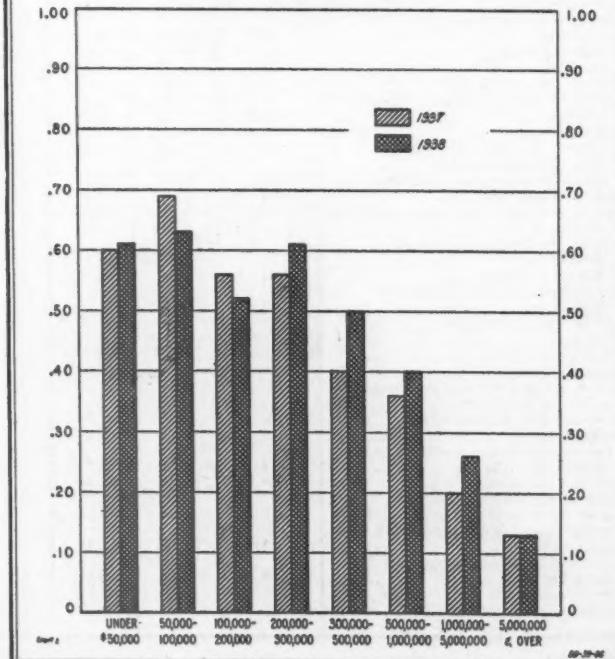


TABLE 1—Proportion of Bad Debt Losses to Credit Sales of Wholesalers, by Kind

Kind of Business	Size Groups (Based On Total Sales For 1938)											
	Total of All Groups			\$5,000,000 and over			\$1,000,000 to \$5,000,000			\$500,000 to \$1,000,000		
	Number of reports	1937	1938	Number of reports	1937	1938	Number of reports	1937	1938	Number of reports	1937	1938
Automotive supplies	154	0.69	0.67	—	—	—	14	0.66	0.82	12	0.54	0.50
Chemicals	14	0.31	0.24	—	—	—	4	0.08	0.19	—	—	—
Paints and varnishes	25	0.20	0.30	—	—	—	—	—	—	—	—	—
Clothing and furnishings, except shoes	25	0.20	0.35	—	—	—	5	0.11	0.20	4	0.18	0.39
Shoes and other footwear	84	0.23	0.40	—	—	—	8	0.50	0.67	8	0.42	0.72
Coal	13	0.07	0.05	—	—	—	5	0.13	0.10	—	—	—
Drugs and drug sundries	78	0.62	0.60	—	—	—	39	0.54	0.52	18	0.44	0.31
Dry goods	98	0.31	0.37	—	—	—	33	0.30	0.39	25	0.42	0.45
Electrical goods	348	0.29	0.32	—	—	—	121	0.31	0.36	34	0.32	0.46
Farm products (consumer goods)	54	0.29	0.23	—	—	—	7	0.34	0.21	18	0.18	0.20
Furniture and house furnishings	44	0.42	0.34	—	—	—	6	0.28	0.23	9	0.53	0.62
Groceries and foods, except farm products	611	0.34	0.35	52	0.28	0.31	182	0.35	0.35	151	0.34	0.32
Meats and meat products	34	0.12	0.14	—	—	—	11	0.12	0.17	14	0.25	0.22
Wines and spirituous liquors	15	0.31	0.26	—	—	—	—	—	—	5	0.52	0.35
General hardware	147	0.49	0.45	5	0.33	0.36	49	0.47	0.41	49	0.69	0.53
Heavy hardware	20	0.56	0.62	—	—	—	—	—	—	—	—	—
Industrial supplies	121	0.33	0.35	—	—	—	10	0.21	0.41	17	0.31	0.29
Plumbing and heating supplies	100	0.67	0.62	—	—	—	35	0.41	0.48	10	0.66	0.43
Jewelry and optical goods	37	0.69	0.70	—	—	—	6	0.78	0.80	6	0.56	0.70
Lumber and building materials	47	0.57	0.44	—	—	—	7	0.49	0.28	10	0.43	0.44
Machinery, equipment and supplies, except electrical	40	0.85	0.81	—	—	—	5	1.08	1.08	9	0.31	0.36
Surgical equipment and supplies	40	0.52	0.39	—	—	—	—	—	—	—	—	—
Metals	23	0.31	0.35	—	—	—	4	0.45	0.21	6	0.22	0.46
Paper and its products	63	0.39	0.43	—	—	—	6	0.38	0.25	17	0.40	0.36
Petroleum	15	0.28	0.28	—	—	—	—	—	—	4	0.86	0.51
Tobacco and its products	142	0.21	0.26	5	0.14	0.18	29	0.24	0.27	42	0.25	0.35
Leather and shoe findings	11	0.81	0.78	—	—	—	—	—	—	—	—	—
Miscellaneous	44	0.20	0.37	4	0.09	0.44	7	0.38	0.27	12	0.33	0.28

— Insufficient reports to show data.

TABLE 2—Proportion of Bad Debt Losses to Credit Sales of Manufacturers, by Kind

Industry	Size Groups (Based On Total Sales For 1938)											
	Total of All Groups			\$5,000,000 and over			\$1,000,000 to \$5,000,000			\$500,000 to \$1,000,000		
	Number of reports	1937	1938	Number of reports	1937	1938	Number of reports	1937	1938	Number of reports	1937	1938
Confectionery	165	0.21	0.24	7	0.13	0.14	25	0.17	0.22	36	0.35	0.41
Flour, cereals and other grain mill products	22	0.13	0.18	—	—	—	10	0.22	0.32	—	—	—
Other food products	97	0.10	0.10	8	0.07	0.07	28	0.12	0.15	16	0.21	0.26
Meat packing	25	0.13	0.14	9	0.13	0.13	9	0.10	0.14	5	0.27	0.15
Clothing, men's, except hats	31	0.14	0.33	—	—	—	14	0.10	0.35	9	0.35	0.49
Clothing, women's, except millinery	23	0.32	0.45	—	—	—	5	0.14	0.28	7	0.49	0.67
Knit goods	11	0.12	0.20	—	—	—	6	0.14	0.24	—	—	—
Other textile products	65	0.10	0.16	10	0.07	0.14	19	0.17	0.17	7	0.15	0.18
Furniture	45	0.33	0.35	—	—	—	10	0.26	0.23	9	0.40	0.46
Lumber, timber and other miscellaneous forest products	35	0.22	0.20	—	—	—	4	0.11	0.13	5	0.34	0.08
Paper, writing, book, etc.	22	0.26	0.28	—	—	—	—	—	—	6	0.11	0.14
Paper, boxes and other paper products	56	0.11	0.14	6	0.08	0.10	13	0.08	0.15	7	0.20	0.21
Wax paper	17	0.28	0.19	—	—	—	6	0.27	0.17	4	0.74	0.56
Printing, publishing and allied industries	76	0.45	0.45	—	—	—	7	0.31	0.38	15	0.50	0.45
Paints and varnishes	64	0.55	0.62	—	—	—	13	0.43	0.52	17	0.59	0.84
Pharmaceuticals and proprietary medicines	27	0.46	0.46	—	—	—	7	0.38	0.38	7	0.58	0.64
Other chemical products	37	0.23	0.21	5	0.12	0.11	12	0.36	0.39	6	0.84	0.31
Petroleum	21	0.13	0.16	12	0.13	0.16	5	0.05	0.17	—	—	—
Rubber products	12	0.46	0.21	—	—	—	4	0.23	0.15	5	0.23	0.12
Boots and shoes	34	0.18	0.25	4	0.12	0.15	14	0.36	0.61	13	0.23	0.24
Leather: tanned, curried and finished	35	0.13	0.19	4	0.09	0.16	10	0.16	0.20	11	0.14	0.26
Other leather products	25	0.14	0.26	—	—	—	—	—	—	5	0.05	0.28
Stone, clay and glass products	56	0.24	0.28	—	—	—	18	0.17	0.21	10	0.23	0.45
Hardware	15	0.14	0.13	—	—	—	5	0.11	0.17	5	0.34	0.29
Stoves, ranges, steam heating apparatus	19	0.24	0.35	—	—	—	6	0.16	0.16	—	—	4
Other iron and steel products	129	0.08	0.06	15	0.05	0.02	34	0.13	0.14	23	0.13	0.16
Jewelry and jewelers' supplies	27	0.19	0.23	—	—	—	4	0.32	0.26	5	0.25	0.18
Non-ferrous metals and their products	31	0.06	0.06	7	0.03	0.03	8	0.27	0.25	6	0.10	0.38
Electrical machinery, apparatus and supplies	90	0.21	0.19	9	0.20	0.20	29	0.15	0.11	15	0.47	0.28
Other machinery, apparatus and supplies	128	0.54	0.58	9	0.71	0.72	37	0.35	0.46	24	0.74	0.54
Motor-vehicle parts	43	0.10	0.13	—	—	—	14	0.08	0.13	7	0.23	0.11
Miscellaneous industries	71	0.20	0.20	5	0.14	0.09	21	0.18	0.20	10	0.58	0.67

— Insufficient reports to show data.

by Kind of Business, Classified by Size of Establishment, 1937 and 1938

1938	Size Groups (Based On Total Sales For 1938)														
	\$300,000 to \$500,000			\$200,000 to \$300,000			\$100,000 to \$200,000			\$50,000 to \$100,000			Under \$50,000		
	Number of reports	1937	1938	Number of reports	1937	1938	Number of reports	1937	1938	Number of reports	1937	1938	Number of reports	1937	1938
0.50	22	0.70	0.67	25	0.63	0.59	30	0.92	0.81	28	0.83	0.70	14	1.06	1.50
—	—	—	—	5	0.40	0.32	—	—	—	6	1.44	1.60	7	2.19	3.14
—	5	0.58	0.73	4	0.39	0.42	5	0.73	0.82	—	—	—	—	—	—
0.20	—	—	—	6	0.53	0.69	5	0.49	0.91	—	—	—	—	—	—
0.72	—	—	—	6	0.97	1.37	4	0.33	0.97	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
0.31	11	0.25	0.28	—	—	—	—	—	—	—	—	—	—	—	—
0.45	13	0.49	0.68	11	0.76	0.46	12	0.69	0.83	—	—	—	—	—	—
0.46	40	0.62	0.39	29	0.45	0.57	28	0.57	0.64	6	0.23	0.43	6	0.62	2.48
0.20	7	0.39	0.35	10	0.40	0.32	6	0.40	0.44	4	0.31	0.22	—	—	—
0.62	8	0.38	0.42	6	0.68	0.47	9	0.57	0.67	—	—	—	—	—	—
0.32	121	0.49	0.46	57	0.50	0.58	34	0.41	0.46	10	1.01	1.86	4	1.25	0.93
0.22	4	0.16	0.27	—	—	—	—	—	—	—	—	—	—	—	—
0.38	4	0.38	0.52	—	—	—	—	—	—	—	—	—	—	—	—
0.53	25	0.64	0.81	13	0.51	0.58	4	2.25	1.01	—	—	—	—	—	—
—	—	—	—	5	0.58	0.48	4	0.56	0.50	—	—	—	—	—	—
0.29	21	0.51	0.52	20	0.49	0.84	29	0.32	0.35	16	0.71	0.89	8	0.69	0.45
0.43	13	0.96	0.90	16	1.04	1.03	16	1.50	0.99	7	0.52	0.81	—	—	—
0.70	6	0.49	0.85	5	0.74	0.67	7	1.13	1.15	6	0.45	0.57	—	—	—
0.44	10	0.35	0.23	11	1.43	0.90	8	0.73	1.22	—	—	—	—	—	—
0.36	12	0.71	0.60	—	—	—	8	2.15	0.95	—	—	—	—	—	—
0.46	7	0.71	0.92	7	0.70	0.56	18	0.45	0.38	7	0.21	0.49	—	—	—
0.36	21	0.61	0.26	7	0.27	0.28	6	0.34	0.45	5	0.69	1.60	—	—	—
0.51	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
0.35	31	0.40	0.48	14	0.22	0.27	10	0.18	0.16	6	0.51	0.64	5	0.74	0.31
0.28	5	0.29	0.22	8	0.26	0.48	5	0.31	0.16	4	0.65	0.78	—	—	—

by Kind of Business, Classified by Size of Establishment, 1937 and 1938

1938	Size Groups (Based On Total Sales For 1938)														
	\$300,000 to \$500,000			\$200,000 to \$300,000			\$100,000 to \$200,000			\$50,000 to \$100,000			Under \$50,000		
	Number of reports	1937	1938	Number of reports	1937	1938	Number of reports	1937	1938	Number of reports	1937	1938	Number of reports	1937	1938
0.41	22	0.41	0.60	22	0.68	0.46	25	0.61	0.47	22	0.40	0.60	6	0.64	0.56
—	—	—	—	4	0.06	0.21	—	—	—	5	0.31	1.23	—	—	—
0.26	30	0.57	0.45	4	0.71	1.00	16	0.80	0.55	—	—	—	—	—	—
0.15	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
0.49	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
0.67	—	—	—	4	0.40	0.51	—	—	—	—	—	—	—	—	—
0.16	7	0.23	0.81	10	0.43	0.40	8	0.21	0.29	—	—	—	—	—	—
0.46	12	0.38	0.59	6	0.46	0.51	6	0.82	0.68	—	—	—	—	—	—
0.08	8	0.49	0.65	4	1.11	0.70	5	0.42	0.31	6	0.70	0.80	—	—	—
0.14	—	—	—	—	—	—	4	0.23	0.36	—	—	—	—	—	—
0.21	11	0.31	0.27	9	0.42	0.20	5	0.41	0.43	4	0.22	0.19	—	—	—
0.56	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
0.45	8	0.48	0.47	8	0.44	0.63	14	0.61	0.50	15	1.21	0.75	9	1.00	0.94
0.84	10	0.86	0.76	6	0.76	0.27	11	2.26	1.13	4	0.71	0.41	—	—	—
0.64	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
0.31	9	0.34	0.62	6	1.12	1.10	4	0.75	0.63	—	—	—	—	—	—
0.12	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
0.24	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
0.28	—	—	—	4	0.58	0.47	4	0.06	0.08	5	0.87	0.94	—	—	—
0.45	6	0.61	0.66	8	0.93	0.76	6	0.00	0.33	4	0.95	0.49	4	0.25	0.26
0.29	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	4	0.54	0.89	—	—	4	0.18	0.33	—	—	—	—	—	—	—
0.16	12	0.27	0.23	20	0.39	0.23	11	0.14	0.26	8	1.04	1.33	6	0.30	1.38
0.18	—	—	—	7	0.40	0.38	4	0.34	0.62	—	—	—	—	—	—
0.38	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
0.28	14	0.47	0.38	9	0.50	0.58	6	0.56	0.62	7	0.37	0.20	—	—	—
0.54	14	0.25	0.52	14	0.62	0.59	17	0.57	0.47	10	0.46	0.24	—	—	—
0.11	7	0.23	0.27	6	0.27	0.57	4	0.59	1.19	—	—	—	—	—	—
0.67	15	0.24	0.64	5	1.02	1.00	6	0.27	0.51	7	0.74	0.38	—	—	—

TABLE 3

**Proportion of Bad Debt Losses to Credit Sales and Proportion of Credit Sales to Total Sales of Wholesalers, by Kind of Business, 1937 and 1938**

Kind of Business	Number of reports	Bad Debt Loss Percentages		Credit Sales (000's)		Total Sales (000's)		Proportion of Credit Sales to Total Sales	
		1937	1938	1937	1938	1937	1938	1937	1938
Automotive products.....	154	0.69	0.67	\$29,813	\$27,763	\$37,357	\$33,638	79.8	82.5
Chemicals.....	14	0.31	0.24	12,665	9,723	13,345	10,220	94.9	95.1
Paints and varnishes.....	25	0.20	0.30	19,642	16,955	21,651	18,749	90.7	90.4
Clothing and furnishings, except shoes.....	25	0.20	0.35	21,422	17,390	21,824	17,803	98.2	97.7
Shoes and other footwear.....	34	0.23	0.40	114,727	94,402	130,796	116,189	87.7	81.2
Coal.....	13	0.07	0.05	40,552	33,162	47,703	39,169	85.0	84.7
Drugs and drug sundries.....	78	0.62	0.60	103,262	100,122	117,878	113,537	87.6	88.2
Dry goods.....	98	0.31	0.37	135,598	115,083	137,878	117,904	98.3	97.6
Electrical goods.....	348	0.29	0.32	265,080	199,621	270,817	203,602	97.9	98.0
Farm products—consumer goods.....	54	0.29	0.23	51,806	45,965	59,328	52,614	87.3	87.4
Farm supplies.....	6	0.29	0.18	7,464	5,678	7,729	5,902	96.6	96.2
Furniture and house furnishings.....	44	0.42	0.34	47,240	39,190	49,314	40,100	95.8	97.7
Groceries and foods, except farm products.....	611	0.34	0.35	633,523	578,575	685,692	623,459	92.4	92.8
Meats and meat products.....	34	0.12	0.14	83,924	82,119	95,468	95,120	87.9	86.3
Wine and spirituous liquors.....	15	0.31	0.26	20,029	17,879	23,689	21,168	84.5	84.5
General hardware.....	147	0.49	0.45	212,460	181,631	220,761	188,387	96.2	96.4
Heavy hardware.....	20	0.56	0.62	18,649	13,702	18,810	13,794	99.1	99.3
Industrial supplies.....	121	0.38	0.45	64,444	47,664	66,839	49,570	96.4	96.1
Plumbing and heating supplies.....	100	0.67	0.62	44,065	35,406	45,501	36,816	96.8	96.2
Jewelry and optical goods.....	37	0.60	0.70	21,886	17,433	22,969	18,037	95.3	96.7
Lumber and building materials.....	47	0.57	0.44	27,448	23,375	31,796	26,600	86.3	87.9
Machinery, equipment and supplies, except electrical.....	40	0.85	0.81	31,856	22,199	32,848	22,868	97.0	97.1
Surgical equipment and supplies.....	40	0.52	0.39	9,153	8,866	9,683	9,370	94.5	94.6
Metals.....	23	0.31	0.35	27,662	20,670	27,983	20,823	98.9	99.3
Paper and its products.....	63	0.39	0.43	44,200	38,501	45,195	39,494	97.8	97.5
Petroleum.....	15	0.28	0.28	81,385	73,675	94,225	86,848	86.4	84.8
Tobacco and its products.....	142	0.21	0.26	135,834	134,483	167,519	164,622	81.1	81.7
Leather and shoe findings.....	11	0.81	0.78	3,724	3,176	3,755	3,209	99.2	99.0
Miscellaneous.....	44	0.20	0.37	70,653	66,077	81,982	69,594	97.2	94.9
U. S. Total.....	2,403	0.35	0.37	\$2,389,166	\$2,070,485	\$2,590,335	\$2,259,215	92.2	91.6

TABLE 4

**Proportion of Bad Debt Losses to Credit Sales and Proportion of Credit Sales to Total Sales of Manufacturers, by Industry, 1937 and 1938**

Industry	Number of reports	Bad Debt Loss Percentages		Credit Sales (000's)		Total Sales (000's)		Proportion of Credit Sales to Total Sales	
		1937	1938	1937	1938	1937	1938	1937	1938
Food and kindred products, total.....	345	0.15	0.16	893,261	857,939	983,157	905,041	90.9	94.8
Confectionery.....	165	0.21	0.24	208,850	199,206	215,128	202,736	97.1	98.3
Flour, cereals and other grain mill products.....	22	0.13	0.18	64,345	59,388	88,241	68,518	72.9	86.7
Meat packing.....	25	0.13	0.14	127,294	115,089	130,612	117,454	97.5	98.0
Distilled liquors.....	6	0.13	0.03	42,083	37,169	44,889	37,476	94.2	99.2
Malt liquors.....	12	0.31	0.17	56,795	71,767	70,893	75,314	94.2	95.3
Wine.....	18	0.32	1.01	20,184	16,304	20,316	17,326	99.4	94.1
Other food products.....	97	0.10	0.10	363,710	359,016	413,278	386,217	88.0	93.0
Textiles and their products, total.....	130	0.12	0.21	358,109	282,212	365,481	289,407	98.0	97.5
Clothing, men's, except hats.....	31	0.14	0.33	55,856	43,665	56,284	44,601	99.2	97.9
Clothing, women's, except millinery.....	23	0.32	0.45	17,639	15,274	18,061	15,774	97.7	96.8
Knit goods.....	11	0.12	0.20	27,683	23,901	28,411	24,586	97.4	97.2
Other textile products.....	65	0.10	0.16	266,931	199,372	262,725	204,446	97.8	97.5
Forest products, total.....	80	0.28	0.29	75,135	56,169	77,974	57,893	96.4	97.0
Furniture.....	45	0.33	0.35	42,321	31,968	43,428	32,612	97.5	98.0
Lumber, timber, and other miscellaneous forest products.....	35	0.22	0.20	32,814	24,201	34,546	25,281	95.0	95.7
Paper and allied products, total.....	95	0.17	0.17	183,761	159,053	187,559	162,380	98.0	98.0
Paper, writing, book, etc.....	22	0.26	0.26	24,432	21,151	24,898	21,489	98.1	98.4
Paper, boxes, and other paper products.....	56	0.11	0.14	115,645	96,164	117,714	97,680	98.2	98.4
Wax paper.....	17	0.28	0.19	43,684	41,738	44,947	43,211	97.2	96.6
Printing, publishing and allied industries.....	76	0.45	0.45	37,496	34,359	37,872	34,838	99.0	98.6
Chemicals and allied products, total.....	128	0.36	0.36	199,733	181,148	210,450	189,462	94.9	95.0
Paints and varnishes.....	64	0.55	0.62	62,949	51,156	65,249	53,901	96.5	94.9
Pharmaceuticals and proprietary medicines.....	27	0.46	0.46	27,396	27,997	28,197	28,715	97.2	97.5
Other chemical products.....	37	0.23	0.21	109,388	101,905	117,004	106,846	93.5	95.5
Petroleum.....	21	0.13	0.16	569,821	584,657	601,879	851,755	63.2	62.8
Rubber products.....	12	0.46	0.21	32,835	28,077	33,013	25,294	99.5	99.2
Leather and its products, total.....	94	0.16	0.23	255,079	219,822	263,494	224,981	96.8	97.7
Boots and shoes.....	34	0.15	0.25	151,624	142,013	158,372	144,393	95.7	98.4
Leather: tanned, curried, and finished.....	35	0.13	0.19	91,333	68,037	91,995	69,926	99.3	97.3
Other leather products.....	25	0.14	0.26	12,122	9,772	13,127	10,662	92.3	91.7
Stone, clay and glass products.....	56	0.24	0.28	59,214	53,798	63,483	57,705	93.3	93.2
Iron and steel and their products, total.....	163	0.09	0.08	644,914	410,014	654,723	414,575	98.5	98.9
Hardware.....	15	0.14	0.13	34,658	27,331	34,818	27,335	99.5	100.0
Stoves, ranges, steam heating apparatus.....	19	0.24	0.35	33,850	22,339	33,898	22,446	99.9	99.5
Other iron and steel products.....	129	0.08	0.06	576,406	360,344	586,007	364,704	98.4	98.8
Non-ferrous metals and their products, total.....	58	0.08	0.10	289,845	209,962	309,803	221,224	93.6	94.6
Jewelry and jewelers' supplies.....	27	0.19	0.23	43,352	43,043	54,326	46,426	89.0	95.7
Other non-ferrous metals.....	31	0.06	0.06	241,493	166,919	255,477	174,798	94.5	95.5
Machinery, not including transportation equip., total.....	218	0.36	0.36	526,263	421,340	535,840	423,403	98.2	99.5
Electrical machinery, apparatus and supplies.....	90	0.21	0.19	290,705	238,543	294,177	239,699	98.8	99.5
Other machinery, apparatus and supplies.....	128	0.54	0.58	235,558	182,797	241,663	183,704	97.5	99.5
Motor-vehicle parts.....	43	0.10	0.13	78,143	42,949	83,454	46,290	93.6	92.8
Miscellaneous industries.....	71	0.20	0.20	134,006	126,500	136,094	129,569	98.5	97.6
U. S. Total.....	1,590	0.18	0.20	\$4,337,615	\$3,617,999	\$4,844,276	\$4,036,817	89.5	89.6

# This booklet is helping office executives meet THE HOURS PROBLEM



## SEND FOR THIS BOOKLET!

For the executive concerned with the problem of conserving clerical hours, this new booklet contains many specific suggestions for readjusting office routine. Write today, on your own letterhead, for your free copy.

Executives concerned with conserving clerical hours are using this booklet to assist them in correcting situations such as these:

### BOTTLENECKS

If any department or individual is obliged to be inactive when work "clogs" at some other point, the cause of the bottleneck should be discovered. A slight change in equipment or routine may insure a more even flow of work.

### PEAK PERIODS

If sales, purchases, costs, and other figures are merely recorded from day to day, peaks arise when employees must rehandle the figures to write customers' statements, take a trial balance, analyze accounts, or complete statistical reports. Newer methods make it possible to iron out peaks by eliminating costly rehandling of figures.

### UNNECESSARY DUPLICATIONS

Duplication of media or records in a separate operation takes time and creates the possibility of errors. If unproductive intermediate steps are required to fit the work to present machines or system, investigate "direct-to-final-results" methods.

### NEEDLESS OPERATIONS

Studying the work at each desk may reveal how a few simple short-cuts would save thousands of needless operations on your figuring, accounting, form-writing, and statistical work.

• • •

The local Burroughs man will be glad to help you make a desk-to-desk survey. It will enable you to determine whether any of your employees are handicapped by operations that might be shortened or eliminated. Call him today, or write direct.

**BURROUGHS ADDING MACHINE COMPANY**  
6036 Second Blvd., Detroit, Mich.

# Burroughs

*When writing to advertisers please mention Credit & Financial Management*

# Host City for Credit Congress—IV

## The Furniture Capital

By Lee M. Woodruff, Editor, The Grand Rapids Press

**G**rand Rapids, Michigan, may—and does—have a vast General Motors body plant, many automobile accessory plants, several large brass companies, numerous foundry and spring and other metal concerns. But the world reckons but little of all this. Grand Rapids is “tagged.” From Greenland’s ice mountains, as the good hymn goes, to Africa’s coral strand Grand Rapids has just one connotation—furniture. It is “the furniture capital of America.” It could talk all night and advertise all year its hundreds of other products, its plaster mines and even, of late, its oil wells, but the world would murmur a polite “yes?” as this information entered the right ear and exited left. The town would still be on Queen Anne legs, leaning on a Biedermeier sideboard with its handsome Chippendale feet cocked on a Hepplewhite stool, so far as the listeners were concerned.

Nor is Grand Rapids disposed to correct this reputation. It glories in its furniture leadership. It attained its position in the world of manufactured furniture the hard way—by drawing to itself the great designers of the world, holding to principles above price in manufacture, training artisans to carve and fit and polish with a high pride in their artistry, and making a product which not only was beautiful but stood up. The reputation of Grand Rapids furniture has withstood the test of time because the furniture itself has withstood that test.

If there is a heart of this industry within Grand Rapids—a place where visitors may actually sense the spirit which pervades it and drives the designers and artisans and managements to hold eternally to beauty and quality, it is the unique Grand Rapids Furniture museum, containing originals, period reproductions, historical exhibits and current “House of Today” rooms, all housed appropriately in the mansion of one of the city’s former lumber kings.

Appropriately is the word, for it was out of the timber wealth of western Michigan that the furniture industry was born. Stewart Edward White, son of the lumberman whose home is now the museum of this in-



dustry, has told in deathless prose the romance of those braw days when the Grand and Muskegon rivers boiled from bank to bank with tumbling logs—going down to be sawed and to build the homes of the middlewest. His “The Riverman” depicts scenes still undimmed in the minds of Grand Rapids oldtimers, when log jams instead of ice jams had to be dynamited to clear the river and a red-flanneled horde descended on “Hell’s Half Acre” for rum and diversion, down where the city market sprawls today.

The clomp of calked boots was echoing loudly from wooden sidewalks when farsighted men took advantage of this seemingly limitless lumber supply and began to make Grand Rapids furniture for the growing midland empire. They also took advantage of the rapids of the Grand for power. Sawmill and factory, as early as the 50’s, were turning out “bedsteads” and simple tables and chairs. “Art” first entered when the foremen themselves jigged

out scrolls and curlicues for baroque “effects” on heavy mirrors and beds. By the ’80’s the European hand carvers had come in—figurehead carvers from Scotch shipyards and Hollanders who put their whole lives devotedly to carving, and do today. Grand Rapids began taking World’s fair blue ribbons for its output, and the world—as represented by hundreds of furniture retailers—began making a beaten track to its door at great semi-annual furniture markets of which there now have been 123. Many downtown buildings are maintained solely for these showings, to which manufacturers in all parts of the nation as well as the local makers bring their displays. The sample designs in these great January and July showroom exhibits set the styles of the nation, are watched by decorators and photographed by home furnishings magazines, and represent each year’s “high water mark” of good taste for the American home.

Today the timber is gone as completely as the Indians who met at the rapids of the Grand and traveled with Langlade to Ohio to kill Braddock and rout the British, and who for years in the city’s early history thronged into Grand Rapids for their treaty (Cont’d on P. 46)



## "Fix me up on this list, please I'm wiring the house myself"

CUSTOMERS like this make many interesting discoveries about electricity which keep your fuse department busy and the Fire Department on the run. They pay no attention to local laws or the provisions of insurance policies—and they and their families live in cheerful ignorance of the imminent danger of fire and sudden death. Their amateur wiring in the bathroom makes the tub a potential electric chair. But they certainly do eliminate the middleman in the electrical field—as far as possible. Fortunately, intelligent advertising, education via safety campaigns, and good common sense have made most people realize that the proper wiring of even a modest home is a job for the skilled electrical contractor. And when they pay his bill, they know it is a long range guarantee of economy, reliability, and safety.

When the electrical contractor buys

insurance from the experienced agent or broker of a stock insurance company, he does not say "\$50 worth of insurance, please." He asks for and gets the advice and full services of an expert purchasing agent in the complex insurance field, like himself an expert middleman. No worries about uncovered risks that might wreck a business.

\* \* \* \*

Because we believe so thoroughly in the services of an expert middleman whether wholesaler, electrical contractor, insurance agent or broker, we refuse to accept business direct because it is not in the interest of the Company or the assured to do so. When *you* buy National Surety Fidelity Bonds, Surety Bonds, Burglary or Forgery Insurance through your local insurance agent or broker, you deal with a customer and friend who is a fellow member and supporter of the American Business System.

● This is a reprint of an advertisement of a stock-insurance company directed to the independent business men in the electrical field in your city.

# NATIONAL SURETY CORPORATION

VINCENT CULLEN, President

When writing to advertisers please mention Credit & Financial Management

# A Factor's Views on Assignments

## Purchase of Accounts General in This Field

By William Hurd Hillyer, Assistant Vice-President, James Talcot, Inc, New York

**G****N** Prejudice against the assignment of accounts receivable, with resultant agitation for the recording of such assignments, grows out of a general misconception of the principles involved. To this misconception is added a confusion in the minds of many persons between factoring on the one hand, and on the other hand a species of more or less furtive and usurious transactions between needy borrowers and borderline lending concerns that are neither true factors nor legitimate finance companies.

The orthodox factor renders a real service, quite apart from the furnishing of money. Sometimes this service, in one or more of its aspects, is used by clients whose cash position is easy and who are not at all in need of funds. Chief among such services is the making of credits, which in turn includes the absorption of credit losses. Whether funds are needed at the moment or not, it is as a *stabilizer of credits* that the factor appeals to a manufacturer or merchant.

In order fully to carry out this function, the factor as a general rule purchases his client's accounts receivable *without recourse*. In such case it is necessary that a notation be stamped on the invoice, stating that the account has been purchased by, and is payable only to, the factor. This practice is so well recognized in the textile field that such notation on an invoice is not construed as an admission of weakness on the part of the seller and is no reflection upon his solvency or general integrity.

Outside the textile field, however, where the practice of assigning accounts receivable is not so well established, the character and intent of such a notation are not so well understood. Buyers receiving invoices with a factor's stamp sometimes feel that an unknown quantity has entered into their relationship with the seller. They may even suspect that the seller has made some sort of an "assignment"—with all the vague suggestions of penury that the word connotes. Such prejudice, of course, is demonstrably baseless, but it restricts—at least temporarily—the extension of notification factoring into non-textile fields.

There are also types of trade and industry wherein the distribution is in small units to a multitude of buyers, mostly individuals, who would be hopelessly confused by a factoring notification on their invoices. In such cases notification is waived as a matter of convenience. There is no attempt at concealment; any interested person can readily discover that the concern in question is factored—that is to say, assigns its accounts. It is simply not practical to notify the customers as to such assignments.

Waiving notification in respect to accounts receivable purchased *without recourse* presents certain legal obstacles. On the other hand the old-line textile factor prefers as a

rule to buy the accounts without recourse—or, as it is loosely called in the trade, on a "credit guarantee" basis—and charge accordingly for a full factoring service. An opportunity is thus created for a certain type of finance company, intermediate between the instalment-purchase discount house and the textile factor, specializing in non-notification transactions *with recourse*. Some of these companies do a large and profitable business, and occupy an enviable place in the business community. Occasionally the various functions interlap, by reason of subsidiaries or otherwise. The old-line factor, too, is in some cases taking on accounts with recourse to the seller. He has always made provision for a certain proportion of "D. R.," or "department risk" business, as he called his recourse purchases, which were by-products of his regular operations without recourse. He now finds that this type of business tends to expand, and some factors are taking on an increasing number of non-notification accounts with recourse.

Like all economic functions—banking and merchandising not excepted—the purchase of accounts receivable, with or without recourse, with or without notification, is subject to abuses. There is nothing inherent in such purchase, whether by an old-line factor, or a legitimate finance company, that invites such abuses; these arise mainly as a by-product of the relatively rapid expansion of commercial factoring in all its phases and are in spite of, rather than because of, the fundamental character of the transactions. A shaky merchant or manufacturer with a flair for fraud can just as easily—perhaps more easily—hoodwink his bank and mulct his creditors by secretly depleting his inventory as by discounting his receivables. He may borrow money from his bank, conceal the fact from his creditors, and steal or misuse the proceeds. Nobody will seriously contend that a bank should make public all its loans, merely because dishonest borrowers sometimes resort to misuse funds. A proposal to make all sales of accounts receivable a matter of public record, because of occasional fraud, would appear equally illogical.

On the other hand it cannot be denied that sound measures are indicated, not merely to curb abuses but to lessen the incentive behind them and to nullify their ill effect when they occur. Two alternatives present themselves. Such measures may take the form of legislation; which, however undesirable and ineffective, will almost certainly result unless the situation is otherwise clarified. Or voluntary steps may be taken within the factoring and credit world, whereby factor and credit man and expert accountant will collaborate in the better understanding of accounts receivable finance and the effective limiting of its misuse.

I have neither the space (*Continued on Page 46*)

**WURLITZER**  **scales up**  
 WORLD'S OLDEST AND LARGEST MUSIC HOUSE  
**Collections \$175,000 A Year**

WITH THE NEW

**KOLECT-A-MATIC**  
 MACHINE  
 POSTED **LEDGER**



"Credit losses cut at least 20% with Kollect-A-Matic Ledger" . . .  
 says THE RUDOLPH WURLITZER COMPANY  
 "Delinquent accounts used to run high," say Wurlitzer executives, "before we installed Kollect-A-Matic Machine Posted Ledger for collection records. The efficient follow-up which this system permits cuts down our average past due accounts more than \$175,000 . . . saving us interest on this amount, besides cutting our bad debt losses at least 20%."



One glance at the **VISIBLE MARGIN** gives  
 full control of **INSTALLMENT ACCOUNTS**

FOR any concern handling installment accounts, Kollect-A-Matic Machine Posted Ledger offers closer collection control . . . fewer credit losses . . . and worthwhile savings in executive and clerical time. Customer cards have visible tabs for quick finding. Colored signals show status of each account at a glance. Unusual flexibility of design makes insertion and removal of cards easy. The cabinet housing these records can provide full 1- or 2-hour fire protection. Phone the Remington Rand office in your city for complete facts on this money-saving development. Or write Remington Rand Inc., Buffalo, New York.

SYSTEMS and EQUIPMENT

for every  
 BUSINESS REQUIREMENT

*See if* Remington Rand  
*Makes it!*

*When writing to advertisers please mention Credit & Financial Management*

# Future of Wholesaling

## Credit Plans Play Important Part

By George J. Hearn, Jr., Vice-President, American National Bank, Nashville, Tenn.

**H**A business executive of today, regardless of the type of his business, I am thoroughly convinced, cannot in his own interest, fail to see alternatives presented by the radically changing conditions. He must recognize the problems which he faces in the operation of his business.

The day has passed when a business is created by assembling a small amount of merchandise into a building and employing a few salesmen. Today, it requires an organization that is alert, one who knows its products, has the right conception of service, good sales organization, and adequate financing. In most lines of business, even with all of these qualifications, unless the organization is alert enough to meet the changing conditions, it will soon be discarded.

Competition is keen. The small independent suffers not only from taxes and other handicaps, but from such competition as the chain stores, direct factory selling, etc., and this type of competition suffers from higher taxes and changing Legislation. So, regardless of the size of the business, the problem of meeting competition is paramount.

### Three Main Essentials

The three essentials in the minds of the average purchaser, are, price, quality and service, and the business that intends to succeed must meet these requirements and be contented with a small margin of profit and a quick turnover of merchandise. In order to accomplish this, a sufficient volume must be secured to justify the operating expense and to show a profit.

In my experience as business counselor, I find that there is not enough attention given to the general management of the business. There seems to be a feeling among the business executives of today—that each department will take care of itself, resulting in a lack of co-ordination between the various departments or branches of the business. Where this occurs the business suffers severely.

The executive, or the general manager in charge has the advantage of the department manager, inasmuch as he has the knowledge of the operations of the entire business, whereas a department manager is only concerned



with his own department. If he applies this knowledge there is no doubt but, through the reduction of operating cost and the elimination of unnecessary expense, he will be in a position to compete with his competitors.

### Look to Inventory Turnover

A very weak point in most organizations is the lack of attention given to the inventory turnover. To secure proper turnover, the buying must be systematic and the items that make up the inventory must be carefully checked at regular intervals in order to determine the profitable and unprofitable lines. Through improper handling of purchases, operating capital can be frozen, overhead expenses increased, through additional taxes, insurance and interest, as well as man power.

In my analyzing experiences I have found—where concerns are getting the proper turnover of the inventory, thorough management is reflected throughout the entire organization.

I know of no department in a business where the executive in charge needs sympathy more than the Credit Manager. If he does not collect, he is a poor Credit Manager. If he does collect, he is unpopular, and in the estimation of the salesmen, interferes with their opportunities for increased volume. If he fails to handle the customer diplomatically, he injures the good-will of the business. He is one man, no matter how efficient, whose efforts are not appreciated by all departments.

### Credit Results Vary

It has been surprising to me in checking through the Accounts Receivable ledgers of various concerns to see the difference in results of the Credit Departments. I have in mind two houses in the same locality, selling the same class of trade, the same type of merchandise; the only difference being; the house that had the largest volume had the smallest percentage of delinquent accounts. There is no doubt in my mind—if the house with the small volume had had a more efficient Credit Manager, one who would have required the customers to keep their accounts current, the volume would have been larger.

It is an established fact that you can sell more mer-

# Easy way for a DICTATOR

## to get Action!

chandise to customers whose accounts are in current condition than you can to those who are carrying past due balances. I cannot put too much stress on the importance of the position of a Credit Man. If he neglects his collections he not only freezes the operating capital of the business but he increases the expense of his department through the loss of accounts and the expense of maintaining a large organization for the purpose of writing collection letters and following through on his collections. This department is truly an important one, and like all other departments, can contribute its part to the reduction of overhead.

The sales distribution problem varies considerably with the type of business. There are two fundamentals that will apply to any type of selling, even though the sales are made through direct mail, or by salesmen or other methods of selling. The first essential is a thorough knowledge of the product or service that is being sold, and, second, prices that are competitive in keeping with quality. Whatever method of selling is employed, it is imperative that the maximum results be obtained in order that the percentage of sales cost be reduced to the minimum.

### Checks Customer's Needs

For example, I know a very successful jobber, selling dry goods and notions through salesmen covering their territories at regular periods. In the Sales Manager's office is kept a complete record of each customer and prospective customer. In addition to the list he has an estimated figure of their total purchases on lines of merchandise handled by his house. When discussing an account with a salesman he is in a position to show approximately what percentage of the business is being secured. He is not as interested in what the salesmen are securing as he is in the amount of business that is going to the competitor. If this information is used and an effort made to increase the volume, it can clearly be seen how this would lower expense.

The cost of a salesman calling on a customer is approximately the same whether he sells a small order or a large one. Some may say that if the salesman is on a commission basis, the commission will vary with the amount of the orders. This is very true, but if the salesman loses a dollar in commissions, his house loses even more.



When you leave an uncleared desk every night . . . and the work piles higher morning after morning . . .



When constant interruptions slow you up . . . and your secretary is always having to work overtime . . .



And when important reports and instructions are delayed, lost or forgotten, and the entire office is disrupted . . .



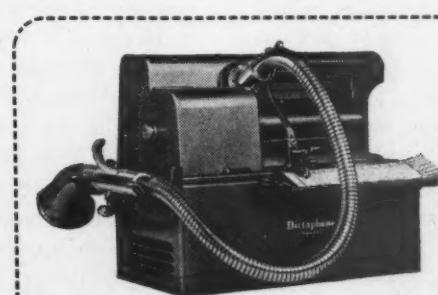
Send in a hurry call for a Dictaphone . . . try it . . . note how it puts ideas on record easily, quickly . . . at your convenience . . .



See how Dictaphone protects you from needless interruptions—and helps you both get more work done



... and mark how speedily your best ideas are caught . . . transcribed . . . and put into profitable action!



The word DICTAPHONE is the Registered Trade-Mark of Dictaphone Corporation, Makers of Dictating Machines and Accessories to which said Trade-Mark is Applied.

## DICTAPHONE

Dictaphone Corporation, 420 Lexington Ave., N. Y. C.  
In Canada—Dictaphone Corporation, Ltd.  
86 Richmond Street, West, Toronto

I should like to talk with someone about the loan of a Dictaphone at no expense to me.  
 Please send me copy of "Danger, Nobody Working."

Name \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_

One of the surest ways of cutting sales cost is to get the maximum business from every call.

They go further than selling a man merchandise. After they have completed their sale, if the purchaser doesn't sell what he has purchased, then the jobber will not get a repeat order. With this in mind, they work with the customer, helping him display his merchandise, enlightening his sales force as to quality and the talking points in connection with the merchandise purchased. By doing this, three people profit. The customer or merchant, the salesman and the jobbing house.

#### **Territories Too Large**

A common fault with many business houses today is that their salesmen are assigned too large a territory to be covered efficiently within a given period of time. Sometimes it pays big dividends to slow the men down, make more frequent trips and work the territory consistently. It is a fact that unless a salesman can earn a living wage, he cannot be happy and no employee that is not can do his best work. This thought should be given consideration in arranging territories.

I might mention at this point, while on the subject of sales, that it is very advantageous to have proper distribution. It is unwise to cater to one class of trade, when this particular class is affected through Legislation or otherwise, volume is reduced and a good sales organization is left on your hands, which has to be carried until such time as new Legislation is enacted or the customers have again obtained their purchasing power.

It is necessary that every business secure its volume from a diversified class of customer and from sections depending upon different types of industries for their existence. This has been very clearly illustrated in the mining sections for the past few years. A merchant supplying merchandise in these sections has suffered from a lack of volume, but those who are foresighted enough to secure business in other sections have not suffered so greatly.

#### **Accounting Very Important**

We have discussed some of the fundamentals and departments of business. They are important, but there are two more departments which are very closely associated with each other and are a vital part of any organization. Namely; the Accounting and Finance Departments. A business, regardless of its nature or size, should have a competent Accounting Department, capable of preparing operating statements and balance sheet at the close of each month with the proper break-down in accounts so that each department head can check their departmental cost.

Where a perpetual inventory is not kept, an estimated inventory should be used, allowing a safe percentage for gross profit. Or still better, to cost out the sales, which in some lines of business is a rather simple process. Where this is done a small allowance should be made for obsolescence, damaged merchandise, etc. If the operating statements are properly prepared the management will know at the close of each month, the results of operations in dollars and cents and the progress that has been made, by making comparison with other periods.

My experience has taught me that it is not essential to be alarmed over the size of the volume as it is over the ability to operate on a cost which will justify the sale of merchandise at competitive price and show a profit.

#### **Find Out Weak Spots**

I realize that a large part of all business troubles are individual rather than group. I believe most of you know of the things you should do and what you should have your employees do, but perhaps you and they are not doing them. A careful analysis of your operations through the operating statement and balance sheet each month will point to you clearly where your weak points are.

No business can succeed, of course, without financing. I have often made the statement that too much money or too little money, will break any business if not properly handled. There is a great deal of truth in this statement. I have found some of the worst cases of failures, were at one time amply financed.

A large percent of the businesses that have made progress since 1929 are the ones which have operated on moderate capital and have realized the dangers ahead and have met the issue.

I know of no executive, other than the Credit Man, who needs to be a diplomat more than the man who watches the finances, if he does a complete job. The sales force is constantly requesting more lenient credit policies, asking for extension of time and the granting of extra terms, more merchandise, more lines, all of which ties up capital and makes the position of financing more difficult.

If your capital is limited and it is necessary for every penny to be watched, then you do not need additional volume; this is evidence that you have all the volume that you can profitably handle. It is better to turn down a few orders and take the pick of the business than to secure more volume and freeze the operating capital.

Every dollar of operating capital should be a working dollar and should produce its proportionate part of the profit from the business.

---

#### **Don't overlook new tax survey**

■ Your company will undoubtedly wish to cooperate in the Association's new Tax Survey which is giving to all Association members an opportunity to express themselves about many of our tax problems so that the Association may present a concensus of their views in an appropriate manner to legislators and officials of the Federal Government.

Your local Association President, Councilor and Secretary-Manager has received a copy of this Tax Survey with suggestions as to how it can be distributed to all Association members. If you are interested in joining in this effort for better tax laws you will undoubtedly wish to take the matter up with your local Association officials.

If you will write direct to C. F. Baldwin, the Washington Representative of the National Association of Credit Men, 410 Munsey Building, Washington, D. C., a copy of the Survey will be sent direct to you.

The success of this Survey is in the hands of Association members. If a large number of them supply the information requested in the Survey it will undoubtedly be possible to use the Survey very effectively in connection with efforts to eliminate some of our present tax problems. This is a job which should receive your very careful consideration.

# News About Credit Matters

A section devoted to local Credit Association affairs

June, 1939

Copy deadline:  
15th of month

## N. E. "C" men plan conference

Presidents, secretaries and councillors of District No. 1 New England, met here early in May with Councillor Meyer of the Worcester Association presiding. National Vice President Bullen, Past National President Fielden, National Directors Rison and Ogren were also in attendance.

Plans for the annual New England Credit Conference here, Oct. 24-25, were prepared. In addition the meeting spent considerable time on developing a community program of promotional activities with particular reference to each Association's assuming the responsibility of promotional work in a prescribed territory. These officers will hold another meeting covering their common interests preceding the conference.

## Weir talks to Texas retail credit parley

Galveston—David A. Weir, Asst. Executive Manager, N. A. C. M., presented an address here on May 22 before the annual convention of the 8th District of the National Retail Credit Association and the Retail Merchants Association of Texas. Mr. Weir presented an analysis of present and future business trends and the various factors which may influence the return of business prosperity.

## Lovejoy speaks at N. Y. paint group meeting

New York—Frank W. Lovejoy, General Manager, Socony-Vacuum Oil Co., was the guest speaker at the May 23 meeting of the Paint and Allied Industries Credit Association, which is an affiliate of the New York C. M. A. A representative turnout highly appreciated Mr. Lovejoy's talk.

## Los Angeles, Indianapolis, Grand Rapids, Houston, Evansville win membership awards

New York—The Winnahs! The N. A. C. M. local Association membership race in all five classifications closed on April 30 with the following as winners in their respective groups: Class A—Los Angeles; Class B—Indianapolis; Class C—Grand Rapids; Class D—Houston; Class E—Evansville. All in all during the past year 52 Associations showed a gain and 14 showed no change, the remainder showing slight loss. The net gain for the entire national organization was two per cent over the membership at the end of April 1938.

## N. J. assn. golf tourney slated

Newark—All N. A. C. M. members who are in the New York area, following the Grand Rapids Credit Congress, are invited to attend the annual golf tourney and dinner-dance of the New Jersey A. C. M. at the Mountain Ridge Country Club in West Caldwell, N. J. on June 22.

At the recent May meeting plans for the tournament were announced. The gathering also heard Wm. A. Irwin, American Institute of Banking, discuss "Some Current Economic Trends" and then chose new officers for the coming year. They include: President, Percy B. Menagh; Vice Pres., Fred J. Squires; Vice Pres.-Treas., Arthur L. Wells. Trustees are: F. J. Hutchings, Harry Batkin, Geo. R. Jackson, Harold Taylor, Wilbur F. Wiggins, Ralph L. Smith, Wm. Margulies and Frank E. Caffrey.

## Heimann addresses accounting conference

Atlantic City—The Eastern Four-States Accounting Conference at the Hotel Claridge on May 20 heard Henry H. Heimann, Executive Manager, N. A. C. M., present an address about the current business situation. Mr. Heimann is identified with the accounting world because of his position as Chairman of the Natural Business Year Council, which is sponsored by various accounting and business organizations and the N. A. C. M.

## Eastern oil credit groups hold two-day conference in New York

New York—The 3rd annual Conference of the Eastern Petroleum Refiners and Marketers Credit Groups of the N. A. C. M. was held on May 15 and 16 in the Hotel Pennsylvania, New York. Among the speakers were A. D. Whiteside, President, Dun & Bradstreet, Inc.; W. K. McKee, Prof. Business English, New York University; A. M. Jackman, Vice Pres., New York Chapter, National Institute of Credit; J. P. Williams, Price, Waterhouse & Co., New York; L. A. Appley, Socony-Vacuum Oil Co., Inc.; H. B. Stone, The At-

lantic Refining Co.; B. W. Atwood, Shell Oil Co., Inc.; A. E. Van Dusen, The Texas Co.; R. D. Rogers, Tide Water Associated Oil Co., and Henry H. Heimann, N.A.C.M.

At the Tuesday morning session the meeting divided into two sections for discussions, respectively, of retailing and of jobbing accounts. The leader for the retail forum was H. R. Wakefield, Sun Oil Co., Philadelphia, and for the jobbing forum, I. J. Bergholt, Conewango Refining Co., Warren, Pa., was in charge. H. O. Perry, Vice Pres., Lawrence System, New

York, spoke on field warehousing.

On Tuesday afternoon an informal conference was held for discussions of credit department forms and general credit management problems.

The conference committees were headed by Murray V. Johnston, Gulf Oil Corp., Pittsburgh; William Stockton, The Atlantic Refining Co., Philadelphia; and F. Raymond Kraemer, Chairman, New York Petroleum Group of Credit Managers. The General Secretary was Dudley R. Meredith, Credit Association of Western Pa.

## Association Activities

### Louisville:

The Louisville C.M.A. held its April dinner meeting in cooperation with the Louisville Board of Fire Underwriters, Louisville Chapter, National Association of Cost Accountants and the Kentucky Society of Certified Public Accountants to hear T. Alfred Fleming of the National Board of Fire Underwriters, New York, discuss "Harnessing Credit Security". Mr. Fleming spoke of the inter-relationship of credit and insurance as well as the newly-adopted insurance statement form.

During the week of April 10 a series of 5 letter-writing clinics were held under the direction of Miss Aline Hower of St. Louis.

### New Haven:

The annual Connecticut State Credit Conference was held here on May 24 at the Racebrook Country Club with delegates in attendance from the following local Associations in this state: Bridgeport, Hartford, Waterbury and New Haven. Henry H. Heimann, Executive Manager, N. A. C. M., was the featured speaker at the Wednesday luncheon session.

### Cleveland:

Formation of the Restaurant Food Supplier Credit Group took place at a meeting held recently at Hotel Cleveland. George Heckler, The Weideman Co., presided as temporary Chairman and performed the duties of that office so well he was unanimously elected Chairman for the ensuing year. H. C. Lottig, The Wm. Edwards Co., was elected Vice Chairman.

### Seattle:

A discussion of new laws passed by the recent session of the Washington Legislature featured the April 17 meeting of the Seattle A.C.M. in the New Washington Hotel. The presentation was made by Ford Q. Elvidge, local attorney. Colored motion pictures of Hawaii and Tahiti were shown by Darwin Meisnest and Miss Virginia King presented a program of vocal selections. Five new association trustees were reported at the meeting and introduced to the members.

### Evansville:

Victor Ahrens is the new Secretary of the Evansville A.C.M. succeeding A. H. Oschmann. The address of the Association will continue to be: 510 Old National Bank Bldg., Evansville, Ind.

### Pittsburgh:

The 43rd annual banquet of The Credit Association of Western Pennsylvania was held at the Hotel Schenley on May 18 with the feature talk being made by Strickland Gillilan, well-known humorist. A

musical program was provided by the Gulf Oil Quartette with the general singing led by J. Lloyd Mahony and the dance music by Jack Walton's Orchestra.

### Kalamazoo:

Hon. James Stanley, member of the Michigan Legislature, addressed the Credit Association of Southwestern Michigan here on April 28. He discussed various legislative proposals that come within the scope of credits.

### Kansas City:

A new credit group recently joined the Kansas City A.C.M. under the name of the Wholesale Optical Houses. Six local firms in the optical field are the charter members of the group which will hold regular monthly meetings.

### Boston:

Although war threats have been mainly responsible for the abrupt check to the anticipated spring business upturn, Henry H. Heimann, Executive Manager of the N.A.C.M., told the April dinner meeting of the Boston C.M.A. here at Schrafft's that domestic business will soon resume its forward movement and that the year 1939 will be somewhat better than 1938 although not quite equal to 1937.

### Cincinnati:

David A. Weir, Asst. Executive Manager, N. A. C. M., made the principal address at the annual meeting of the Cincinnati A. C. M. at the Alms Hotel on May 25. Officers for the new association year were also scheduled to be chosen at the meeting.

### Rochester:

Dr. Dexter Perkins, Head of the History Department, University of Rochester, presented a timely discussion of world conditions before the annual meeting and Past Presidents' Night of the Rochester A. C. M. in the Hotel Seneca on May 10. Past Presidents of the Association who attended were given a place of honor at a special table reserved for them.

### Buffalo:

The Credit Association of Western New York held its annual meeting on Thursday, April 20, with Capt. Henry Cotton, R. F. C. as the speaker, whose subject was "Search Light on Europe."

Four directors were elected and organization meeting held Friday, April 21. At this meeting Fred T. Morton of the Ontario Biscuit Co., resigned and Willard H. Williams of Francis H. Leggett & Co. was appointed to fill vacancy. The new officers and directors of the Association are as follows: President, Irwin H. Raunick, Fairmont Creamery Co.; 1st Vice Pres., Don A. Lingel, Sun Oil Company; 2nd Vice Pres., Harry P. Mattulke, General Elec. Supply Corp.; Secy-Treas., Ira D. Johnson. Directors are: H. Ralph Attmore, American Brass Co.; Lyle P. Bement, Merchants Mutual Casualty Co.; William P. Bolles,

The R. Wurlitzer Co.; Peter C. Jansen, M & T Trust Co.; Walter A. Michael, National Lead Co.; Ralph Y. Olmstead, Eber Bros. Wine & Liquor Corp.; Roy Perrott, Wildroot Co., Inc.; Willard H. Williams, Francis H. Leggett & Co.; Fred J. Zierk, R. C. Neal Co., Inc.

Buffalo will entertain the Tri-State Conference of Credit Men, District No. 2 in October 1939, and the new officers and board will have a busy year.

### Philadelphia:

The Credit Men's Assn. of Eastern Pa. held its annual meeting in the Bellevue-Stratford Hotel on April 24. At the dinner meeting, Henry H. Heimann, Executive Manager, N. A. C. M. was introduced by Joseph Wayne, Jr., Pres., The Philadelphia National Bank, who acted as toastmaster. Mr. Heimann's remarks, as usual, were received enthusiastically. He was followed by William L. Batt, Pres., S. K. F. Industries, Inc., who addressed the organization on the subject: "Business and Government." Mr. Batt's remarks were both interesting and instructive. In addition to the speakers, the group was favored with several musical selections by the Choral Club of the Federal Reserve Bank. There were in attendance at the dinner almost three hundred, not including the Choral Club, which consisted of about 60 members.

At the business meeting held prior to the dinner, the President announced that operations for the fiscal year ended March 31, 1939, showed a surplus, and he reported also that at present there is considerable interest locally in promoting the welfare of the organization. The following officers and directors were elected for the ensuing year: President, Ralph D. Withington, The Philadelphia National Bank; Vice President, Charles E. Fernald, Fleisher, Fernald & Co.; Vice President, Wm. A. Bruckheiser, Thomas M. Royal & Co. Board of Directors: Robert T. Boyd, Jr., Charles S. Walton Co., Inc.; H. Brenizer, The Sherwin-Williams Co.; Everett H. Brown, Jr., Shields, Clark, Brown & McCown; C. W. Craig, Gulf Oil Corp.; Robert P. Dean, Standard Oil Co. of Pa.; L. J. Gunson, Publicker Commercial Alcohol Co.; C. Sharpless Jones, Ernst & Ernst; H. V. Milbourne, The Pennsylvania Co.; A. T. Rickards, Sharp & Dohme, Inc.; Harriet L. Russell, Sandura Co., Inc.; A. W. Sande, John Lucas & Co.; R. E. Seybert, Procter & Gamble Dist. Co.; Wm. Stockton, The Atlantic Refining Co.; George P. Todd, Vulcanite Portland Cement Co.; Gertrude V. Tonneson, The Quaker Oats Co.; H. S. Wildrick, York Ice Machinery Corp.; Harry Wilkinson, John B. Stetson Co.

### Albany:

The Eastern New York A. C. M. heard a feature talk by Henry H. Heimann, Executive Manager, N. A. C. M., at its dinner meeting on May 18. At a luncheon meeting the next day the Albany Rotary Club heard Mr. Heimann discuss foreign and domestic factors which retarded the spring business recovery in the U. S.

**More Assn. Activity items—P. 43**

# INFONIC

New York—The New York Chapter is blazing a new trail in postgraduate credit education. Eighty-three senior credit men and women attended six discussion group sessions on insolvency problems during the spring semester. The local Chapter held its 20th Annual Banquet at the Hotel Astor on May 18. Dr. William J. Reilly, President, National Institute for Straight Thinking, gave the principal address.

New Orleans—The New Orleans Chapter, National Institute of Credit, sponsored a short course of lectures on Commercial Law for credit executives, to discuss and illustrate some of the legal principles that have a close application to business. An excellent registration has been reported.

Richmond—The Educational Committee of the Richmond Chapter, under the Chairmanship of H. Bright Keck, sponsored a recent Association meeting. Dr. Raymond B. Pinchbeck, Dean, University of Richmond, spoke on "The Profession of Business," and stressed very strongly the diversified knowledge necessary to fill the position of credit manager. B. W. L. Blanton, Larus & Brother Co., a member of the Richmond Chapter, told those present what he had gotten personally from the class during the year.

Rochester—The Rochester Chapter presented Institute Keys to all Chapter members who achieved the awards of Associate and Fellow.

Kansas City—The Educational Committee has recommended to the Board of Directors that a National Institute of Credit Chapter be organized and arrangements made to have the University of Kansas City offer formal courses.

Omaha—The University of Omaha will present National Institute of Credit awards at its regular commencement exercises.

Syracuse—The Syracuse Chapter held its annual class dinner on April 20 and reported an excellent turnout with a great deal of enthusiasm for next year's program.

*The Fourth Annual Tregoe Memorial Prize Essay Competition drew more than 70 essays this year. The judges are diligently perusing the essays to arrive at a rating to determine the winners. These will be announced at the Grand Rapids Credit Congress.*

## Promotions

Minneapolis—Wm. H. Jones, former Credit Manager, Schenley Distributors, Inc., Chicago, and who will be remembered as National Chairman, Distillers and Liquor Producers Group Conference at the N. A. C. M. Credit Congress in San Francisco last summer, was transferred on May 1 to this city as Manager of Schenley's new division office.

Baltimore—Elwood Mosier, Credit Man-

ager here for Procter & Gamble Distributing Co., has recently been transferred to Syracuse, N. Y., where he becomes Office Manager. G. T. Jeffries succeeds Mr. Mosier as Credit Manager in Baltimore.

Denver—H. H. McBride, formerly Credit Manager, Denver National Bank, has been elected Assistant Cashier of this institution.

Chicago—E. L. Lalumier, Vice President and Secretary, Armour & Co., for ten years, has been appointed Vice President in charge of finance. Frank A. Becker, Asst. Treasurer since 1932, has been appointed Treasurer.

Omaha—John A. Wachtler, formerly Credit Manager, Omaha Printing Co., is now Secretary-Treasurer of that company.

Flint, Mich.—Geo. J. Ruska, formerly Credit Manager, Citizens Commercial and Savings Bank, has been promoted to Assistant Vice President.

Cincinnati—Arthur L. Moler, Credit Manager, Fifth Third Union Trust Company, has been appointed Vice President of this bank.

Chicago—Louis G. LaMair has been elected President of Lyon & Healy, Inc. In July 1929, Mr. LaMair was made Office and Credit Manager of this company. In January 1933, he was elected Vice President and General Manager.

Bay City, Mich.—At a special meeting of the Board of Directors on April 27, Melvin Pattison resigned as President and Treasurer and was elected Chairman of the Board of the Industrial Brownhoist Corporation. Hoyt E. Hayes, Vice President, was elected President and Treasurer. James B. Hayden, Assistant Sales Manager, was appointed Sales Manager.

Fort Worth—H. C. Burke, formerly Asst. Vice President and Asst. Trust Officer, Continental National Bank and former Director, N. A. C. M., has been made Vice President and Trust Officer of his institution.

Chicago—Vernard B. Higby, Asst. Cashier, First National Bank, has been named Asst. Vice President of his bank.

Chicago—H. R. Ames, in charge of office and credit management of the Ames Supply Company, has been elected President of the Company, succeeding his father, Arthur L. Ames, who died March 13.

Milwaukee—Geo. Christiansen, Vice Pres., Milwaukee A.C.M. has been promoted to the post of Secretary of the Hummel & Downing Co. of Milwaukee after having served for some years as Credit Manager of the firm.

San Francisco—M. C. McCaron, for the past two years membership contact man and salesman for the Credit Managers Association of Northern and Central California, has resigned to accept the credit management of the San Francisco Brewing Company.

Peoria—Don A. Robison, for several years Assistant Treasurer and General Credit Manager of the Caterpillar Tractor Co., has been advanced to the post of General Sales Manager of his company.

Chicago—C. B. Peterson, 2nd Vice President, Northern Trust Co., has been elected to membership on the Chicago Mercantile Exchange.

Chicago—Oral Smith, Credit Manager,

Pepsodent Co., has been recently given the additional position of Office Manager, a post that carries a definite promotion in view of the fact that one of the senior officers of the company has held it for many years.

## Classified:

Young man, 28 years old, college graduate, available for position in field of credit management. References, details of experience and qualifications may be had through Carl H. Henrikson, Jr., Director of Education, National Association of Credit Men, One Park Ave., N. Y.

## Credit career



### M. D. Thomason

Birmingham—A man of all-round interest and activities is the current President of the Alabama A. C. M., who is, in business life, Secy.-Treas., Perfection Mattress & Spring Co., Birmingham, Ala. Alabama born and educated, Mr. Thomason began his business career as bookkeeper in the lumber business. Later he was Manager of the Columbus Lumber Co., Columbus, Miss. When this concern sold out he went with the W. P. Brown & Sons Lumber Co. as Manager of their Fayette, Ala. mill, and served this concern in several of their mills. After leaving this company at Zama, Miss., he moved to Memphis, Tenn., and became engaged in business as the York Lumber Co. He left Memphis in 1931 and came to Birmingham with the Perfection Mattress & Spring Co. He is now serving this concern as Secy.-Treas. with duties as Credit Manager.

Mr. Thomason is a Civitan, Shriner, President of the Daniels Club and a member of the Membership Committee, N. A. C. M.

In college, a good baseball player and musician, Mr. Thomason's present hobbies are football, fishing, dancing—and hard work. With this program he doesn't expect to have time left to grow old. And his fellow credit executives all agree he has the right slant.

# OUR DISTAFF SIDE

## Pittsburgh:

Emil Limbach addressed the March dinner meeting of the local Credit Women's Club on "Credit and Recovery". The speaker discussed the part credit plays in our national economic life and its influence in producing prosperity and depression. Jane Menold presented two readings at this meeting as well. On April 17 the Club heard A. W. Forsythe on "Mechanics' Liens".

## Buffalo:

At the recent annual meeting of the local Credit Women's Club of the Credit Association of Western New York, the following officers were elected: President, Mary Desmond, Credit Manager, Trico Products Corp.; Vice President, Ray Morris, Credit Manager, Markel Elec. Products, Inc.; Secretary, Cecilia Butler, Credit Clerk, Dunlop Tire & Rubber Corp., and Treasurer, Margaret Wurtz, Credit Clerk, Unit Parts Corp.

## Kansas City:

"The Romance of the Telephone" was the subject of which C. C. Carstenson, Methods Engineer of Western Electric Company, spoke at the April 13 meeting of the local Credit Women's Club. The meeting was under the direction of Chairman Allie B. Fitterling.

## Binghamton:

A Swedish Smorgasbord menu was half of the double feature program of the April meeting of the Triple Cities Credit Women's Club, the second portion of the evening being devoted to V. M. Mittlefehldt, Sales Instructor of the I.B.M. Corporation, who talked on "Modern Machine Marvels."

## Louisville:

The Louisville Credit Women's Club held its annual spring meeting at the Canary Cottage. The guest speaker was Mrs. Ruben Post Halleck, former President of the Consumers League of Kentucky. Mrs. Halleck spoke about the Kentucky Minimum Wage Law. Bridge and Bunco games were played with beautiful prizes for the winners.

## Rochester:

The annual May Party of the Rochester Credit Women's Club was held on Monday, May 22, at the Rochester Club. A fine program of entertainment featured the occasion. At the annual May meeting election of officers for the Club's coming year was held.

## New York:

Election of officers for the coming year marked the regular monthly meeting of the local Credit Women's Group on May

4 at the Hotel Victoria. The slate unanimously elected, is as follows: Chairman, Pearl Rose Knoll, Andrew Jergens, Inc.; Vice Chairman, Catherine Cohen, New York Girl Coat Co.; Secretary, Sophie Frances Haase, Thos. J. Lipton, Inc.; Treasurer, Florence Britt, Minwax Co., Inc.

Following the election of officers, Marion E. King, Hudnut Sales Co., Inc., present Chairman of the Group, introduced the speaker of the evening, Mary Vail Andress, Asst. Cashier, Chase National Bank, and the only woman officer of that bank. Miss Andress had as her subject: "Why banks are not lending more money and the personal observations of a woman banker." After an interesting talk, Miss Andress graciously consented to answer questions and the ensuing conversations, which took the form of a Round Table Discussion in which many of the members of the Group participated. Roland Rubinstein, Public National Bank, who was also present as a guest of the Group, assisted Miss Andress in handling the bombardment of questions.

## Portland:

The annual meeting of the Women's Chapter, Portland A. C. M., was held on April 13 at which time new directors were chosen. At the April 19 meeting of the Board, Mrs. Alice M. Fields, B. P. John Furniture Corp., was elected President; Miss Lillian Linder, Miller Paint and Wallpaper Co., Vice President, and Mrs. Flora Maudsley, Secretary-Treasurer.

At the same meeting the Board voted to send its President, Mrs. Fields, to the National Credit Congress to be held in Grand Rapids, Mich., in June.

## San Francisco:

The Credit Women's Club at its monthly meeting on May 9th, installed the following officers: Ruth Babbitt, President; Beatrice Hamel, Vice President; Alma Buttelmann, Treasurer; Alberta Morgan, Secretary.

Past President Virginia Kern, Vice-President Hazel Bone and Frances Cor-

igan, Past Chairman of the National Credit Women's Executive Committee, turned over the chairs to the new officers, after having completed a very successful club year in their own respective offices. Alberta Morgan, Secretary to Mr. Otis Walker of the Credit Managers Association, was nominated as the delegate of the Club to attend the 44th Annual Credit Congress at Grand Rapids.

President George Van Smith and Secretary Manager O. H. Walker were in attendance and lent their wholehearted support to the program outlined for the coming year.

## Attend the 44th Credit Congress Grand Rapids — June 11-15

## Obituary

### Mrs. Agnes Balestier

Mrs. Agnes Balestier, mother of Elliot Balestier, Jr., of New York, died at the Lenox Hill Hospital on Sunday, May 14. Funeral services were held at Christ Episcopal Church, West Englewood, N. J., May 17, with the Rev. W. K. Russell officiating. She is also survived by her husband, Elliot Balestier.

### Mrs. E. G. McKelvy

Denver—Mrs. Elizabeth G. McKelvy, mother of J. B. McKelvy, Secy.-Mgr., Rocky Mountain Assn. of Credit Men, died May 8 at her home in Denver, Colo., following a lingering illness. She was 75.

Mrs. McKelvy was a member of the St. Mark's Episcopal Church and is also survived by a brother, John C. Graff, Pittsburgh, Pa., as well as Miss Mary E. McKelvy. She was the wife of Dr. William McKelvy, a pioneer Breckenridge, Colo. physician, who died in 1916.



Here are Rochester's N. I. C. Chapter officers. Seated, left to right: E. J. Connor, Chairman of Board of Governors; Ruth M. Owen, Librarian; C. G. Beardsley, President; Marion D. Vane, Assistant Secretary; R. Lynn Galloway, First Vice President. Standing, left to right: G. Fred Wolters, Second Vice President; Herbert T. Haidt, Educational Director; Ross Zoller, Secretary; Donald J. Dryer, Treasurer.

# Credit Congress Program

Plans maturing for 44th annual gathering at Grand Rapids, June 11-15

As this issue of CREDIT AND FINANCIAL MANAGEMENT went to press the final preparations for the program highlights of the 44th Annual Credit Congress were being negotiated. Full announcement will be made therefore through other channels, but the following paragraphs carry the details of the program setup during that week.

Beginning Sunday night with a Symphony Concert and Concerto pianist in the black and silver room of the Civic Auditorium, the Credit Congress will open its business sessions on Monday morning with the call to order by Russell Forwood, Consumers Power Co., Grand Rapids, General Chairman of the Congress. Following the presentation of the gavel to President D. I. Bosschart, and the Invocation, there will be words of welcome extended by officials of the State of Michigan, the City of Grand Rapids and the Grand Rapids A. C. M.

After the response to the welcomes by Past President E. Don Ross, President, The Irwin Hodson Co., Portland, Ore., and the introduction of guests by President Bosschart, the featured morning address will be presented by Clifton A. Youngman, well known as "The Bard of Lakeview."

The afternoon session will be called to order by President Bosschart, following which the keynote address, "Contingent Liabilities," will be presented by N. A. C. M. Executive Manager, Henry H. Heimann. The greetings from the National Retail Credit Association will be extended by Giles C. Driver, Director of Accounts, The May Co., Cleveland, and Past President, N. R. C. A. Past President William H. Pouch, New York, as Chairman of the Award Committee, will then announce the winners in the annual J. H. Tregoe Memorial Prize Essay Competition. A featured address, by a speaker to be announced shortly, will conclude the afternoon session.

On Monday evening the President's Reception and annual Ball is scheduled. This will be one of several social and entertainment features during the week.

Vice President Horace V. X. Wright, President and General Manager, Tacoma Grocery Co., Inc., Tacoma, will be Chairman of the Tuesday morning session, which will be featured by the Annual Report of the National President and two important addresses. The first of these will be presented by the Hon. Samuel B. Pettengill, former Congressman from Indiana. His subject will be "The Liquidation of Thrift." This is an encore performance for Mr. Pettengill in response to many requests for his return, the requests being received after his excellent talk before the Pittsburgh Credit Congress in 1935.

What today's bad debt loss situation means to business will be analyzed by Wilford L. White, Chief, Marketing Research Division, U. S. Department of Commerce. This second featured talk on Tuesday morning is based on the recently completed first national bad debt study of manufacturers and wholesalers in which approximately 4,000 N. A. C. M. member firms took part. A preliminary report is carried, along



Two of the Credit Congress speakers: P. W. R. Glover (l) discusses accounting trends on Wednesday; Hon. S. B. Pettengill (r) who speaks on Tuesday.



with an introductory article, in this issue of CREDIT AND FINANCIAL MANAGEMENT.

Tuesday afternoon, as well as Wednesday afternoon, will be turned over to the annual Credit Group Sessions, details of which follow on succeeding pages.

The Wednesday morning session will be in charge of the National Vice President, Osbon W. Bullen, Credit Manager, Lever Bros. Co., Cambridge, Mass. Of the three featured talks, two were not ready for release at the time of writing, but the third by P. W. R. Glover, Chairman of the Special Committee on Accounting Procedure, American Institute of Accountants, will be a discussion of recent developments and current trends in accounting procedure. Membership report and awards to winning Associations will be made by Past President Paul Fielden, Norton Co., Worcester, Mass., who is Chairman of the National Membership Executive Committee. The Annual Report of the Executive Manager will also be presented at this session.

Following the Wednesday Credit Group Sessions, the Credit Congress will reassemble in the Civic Auditorium on Thursday morning. Two important talks are slated, with Paul H. King, Referee in Bankruptcy, Detroit, who is Chairman of the National Bankruptcy Conference, presenting the first address and Laurence E. Falls, Vice President, The American Insurance Co., Newark, N. J., and President, The Insurance Institute of America, discussing "Insurance in its Relation to Credit." A special program item at this morning session will be a playlet with a cast of member credit executives which will dramatize the legislative work of the N. A. C. M.

The annual election of officers for the coming year will be a high-spot of the afternoon program. A featured address, to be announced later, and the Credit Congress survey of business, will round out the business program.

The final event of the week will be the Credit Congress Banquet at seven o'clock on Thursday night, featuring the induction of officers and a talk, followed by dancing and a social program.

Among the many features planned for the entertainment of the wives of delegates not attending the business sessions, are a series of luncheons and trips with a visit to the famous Grand Rapids Furniture Museum high on the list.

# Industry Meetings at Credit Congress

Chas. F. Anderson, Grand Rapids Varnish Co., Grand Rapids, Mich.—  
General Chairman

**S**M Every credit executive has a double purpose in attending the Forty-fourth Annual Credit Congress at Grand Rapids. Through the General Sessions of the Convention, he proposes to inform himself on credit matters in general as they relate to all industries in all sections of the country. He proposes to acquaint himself with trends, changes, and new developments in credit within his own industry, through the Industry Meetings arranged for his Industry on the afternoons of Tuesday, June 13th, and Wednesday, June 14th. Industry Meetings are coordinated with the General Credit Congress Program so he may gain full advantage from both.

Programs for the various Industry Meetings are complete. The Chairman of each Meeting has directed his effort toward incorporating in his Program those items of particular interest to his Industry at this time. With changes taking place daily throughout all industries, which require new plans, new methods, new ideas, the Industry Meeting is designed primarily to permit of the exchange of ideas and the dissemination of information on these new problems and the proper methods of meeting them.

Almost without exception, every Industry is arranging for a Luncheon, Wednesday noon, June 14th. In some instances, these are get-together meetings for purpose of acquaintanceship and contact. In others, outstanding speakers have been selected to address the luncheons.

Plans for greater permanency of organization and continuity of activity and maintenance of interest within each industry throughout the year, are meeting an excellent reception and are moving rapidly forward.

Those attending the Credit Congress will be asked to indicate by registration on arrival the Industry Meeting they propose to attend. Complete lists of those registering for each Meeting will be available at the Registration Desk on Tuesday morning. This will aid in perfecting arrangements for Meetings, and meet the often asked question—"Who is here in my Industry?"

## ADVERTISING MEDIA

CHAIRMAN: Rod Langton, Salt Lake Tribune—  
Telegram, Salt Lake City, Utah.

VICE-CHAIRMEN: A. L. Vogt, Union Tribune, San  
Diego, Calif.

L. F. Sullivan, Register Tribune,  
Des Moines, Iowa.

T. E. Kraemer, Evening Public  
Ledger, Philadelphia, Pa.

Aimed directly at assisting the credit man in meeting the problems he encounters daily are the following sub-

jects scheduled for discussion in Mr. Langton's Meeting: "The Newspaper and Public Opinion"—Archie McCrea, Editor, Muskegon Chronicle; "Recent Legislation and its Effect on Advertising Media Credits"—Allen Selby, Chicago Daily News; "Radio and Newspaper Accounts; Collecting the Old Ones"—R. B. Gratzer, Courier Journal Times, Louisville; "Directing Personnel and Coordinating the Operations of the Credit Department"—Floyd Egner, Cleveland Plain Dealer; "Improve Your Correspondence"—W. A. Lightbody, Chicago Tribune; "Effective Use of Departmental Forms and Billing Devices"—C. S. Hogarth, Chicago Tribune; "Sales Promotion Through the Credit Department"—A. L. Podrasnik, Chicago Times; "Credit Training and Education"—Larry Sullivan, Register Tribune, Des Moines.

Concluding his Program, Mr. Langton has arranged for a discussion of Association work as it relates to the handling of advertising credits.

A Luncheon for the Group is scheduled for Wednesday noon.

## AUTOMOTIVE SUPPLIES

CHAIRMAN: E. M. Palmer, Hinsdale Manufacturing Co., Chicago, Ill.

VICE-CHAIRMEN: R. G. Hogan, Sherwood Hall Co., Grand Rapids, Mich.

M. D. Fields, Central Rubber & Supply Co., Indianapolis, Ind.

Chairman Palmer's Program provides for formal presentation and discussion of matters of general interest and is supplemented by open forum discussions on many phases of activity which the credit man has to deal with daily.

Formal discussions are scheduled for "Legislation and the Credit Executive" by C. F. Baldwin, National Association of Credit Men; "Cash Discounts—How to Reduce or Eliminate Them" by Clarence Beecher, Auto-point Company, Chicago; "Insurance Statement Form—Its Relation to the Credit Man" by a speaker experienced in the problems of insurance.

Among the subjects scheduled for open forum treatment are "The Growth in Factoring and Its Credit Significance"—"Is It Safe to Depend upon Salesmen's Credit Recommendations?"—"The Credit Manager as a Salesman—and Coordinating the Credit and Sales Departments"—"The Purpose of a Credit Group—and Ways of Stimulating and Developing Interest and Loyalty"—"Refinancing of Embarrassed or Insolvent Debtors—Constructive Credit Work in Prevention of Liquidation"—"The Moral Risk"—"Selling Accounts Receivable" and "The Advantages of Cooperative Credit Information".

The Program also provides for consideration of the First Annual Bad Debt Loss Study made by the United States Department of Commerce.

The Group is meeting at luncheon on Wednesday noon.

#### BANKING

**CHAIRMAN:** R. D. Mange, Hackley Union National Bank, Muskegon, Mich.  
**VICE-CHAIRMEN:** W. E. Blakeley, National Bank of Detroit, Detroit, Mich.  
Martin E. Lillie, Old Kent Bank, Grand Rapids, Mich.  
Vincent Yager, Harris Trust & Savings Bank, Chicago, Ill.

The meeting of the Banking Group in cooperation with the Robert Morris Associates promises to be one of the outstanding features of the Credit Congress of Industry. National Chairman Mange, President of the Robert Morris Associates, Michigan Chapter, has prepared a fine program. The Banking Committee of the Grand Rapids Association of Credit Men, of which Russell Fairles, National Bank of Grand Rapids, is Chairman, is cooperating with Mr. Mange to make this meeting a complete success.

The program has been arranged in two sections. Tuesday afternoon, Joseph Brewer, President of the National Bank of Grand Rapids, will serve as Chairman for the day. Ben Young, Vice-President of the National Bank of Detroit, will be the discussion leader. C. T. Fisher, Jr., President, National Bank of Detroit, will speak on "Bank Problems in the Extension of Intermediate Credits" and Harold J. Heck, Assistant Secretary, Robert Morris Associates, Philadelphia, will present "The Importance of Fact".

On Wednesday afternoon, Chairman of the day will be Ira Moore, President, Peoples' National Bank, Grand Rapids, and Discussion Leader, Ray Perring, Assistant Vice-President, Detroit Bank, Detroit. The following subjects are scheduled for discussion: "Judging Credit in Loans on Accounts Receivable"—Walter E. Heller, President, and S. M. Zinner, Vice-President, Walter E. Heller & Co., Chicago; and "Judging the Amount of the Line of Credit"—Vincent Yager, Assistant Vice-President, Harris Trust and Savings Bank, Chicago.

A dinner for all Bankers attending Credit Congress together with their friends will be held on the evening of June 14th at the Peninsular Club, Grand Rapids. The time—approximately 6:30 P. M. Mr. Clay Hollister, President of the Old Kent Bank, Grand Rapids, has agreed to act as Toastmaster. A well-known speaker for this event will be announced later.

#### BREWERS, DISTILLERS AND WHOLESALE LIQUOR

**CHAIRMAN:** H. H. Jacobi, Hiram Walker, Incorporated, Chicago, Ill.  
**VICE-CHAIRMEN:** Harold G. Gibson, National Distillers Corp., New York City.  
M. S. Davis, Bohemian Distributing Co., Los Angeles, Calif.

National Chairman Jacobi has developed a program of great interest to all Credit Executives in this industry. Speakers representing the Wholesalers, Brewers, and Distillers will be on hand to give interesting talks relating to the Industry as a whole. The following subjects are scheduled for discussion in Mr. Jacobi's meeting: "What

the Distillers and Brewers can do to Help the Wholesalers"—N. S. Davis, Bohemian Distributing Co., Los Angeles; "The Value of the Extended Cover Endorsement to Liquor Industry"—W. C. Daniels, Continental Insurance Co., New York; "Let's Take an Aspirin"—Wm. B. Talbot, Frankfort Distillers, Inc., Louisville; "Field Warehousing"—Robert Boggess, President, Inland Warehousing Co., Chicago; and "Benefit of Personal Contact with Customers"—H. H. Jacobi, Hiram Walker, Incorporated, Chicago.

#### BUILDING MATERIAL AND CONSTRUCTION

**CHAIRMAN:** N. D. Bragg, McCrady-Rodgers Co., Pittsburgh, Pa.

While Chairman Bragg's Program is not completed at the time this is written, it is indicated that round-table discussions which have proven so satisfactory in the past will again be the principal feature of this year's Meeting.

The national interest in construction activity as an important part in plans for recovery, is of itself an indicator of the particularly interesting problems which confront the credit executives in this industry, and illustrates why it is that round table activities are particularly helpful at the present time.

This year's Meeting will undoubtedly be another of a series which have proven very profitable to the men in this field.

#### CEMENT

**CHAIRMEN:** Eastern Division: W. W. Jenkins, Hercules Cement Corporation, Philadelphia, Pa. Central Division: S. L. Cribari, Marquette Cement Manufacturing Company, Chicago Ill.

The Eastern and Central Cement Groups will meet under the joint chairmanship of S. L. Cribari of the Marquette Cement Manufacturing Company and W. W. Jenkins of the Hercules Cement Corp. on Tuesday morning, June 13th, for a regular business session which will confine itself to a discussion of the mutual problems of the two groups and of the industry which they represent. There will be no speakers other than members of the groups.

There will be a group luncheon between the morning and afternoon sessions and if proper arrangements can be made, there will be an inter-group golf match in the afternoon.

The principal objective of the entire meeting will be the development of closer coordination and cooperation between the two groups and a better understanding of their mutual problems.

It is hoped that the facilities of the Blythefield Country Club in Grand Rapids, Michigan will be available for the meeting. Final advice on this will be sent to individual members well in advance of the Congress.

#### CONFECTIONERY MANUFACTURING

**CHAIRMAN:** B. Frank Fox, Lamont-Corliss & Co., New York, N. Y.

**VICE-CHAIRMEN:** Frederick Poel, A. E. Brooks & Co., Grand Rapids.  
L. S. Day, W. F. Schrafft & Sons Corp., Boston, Mass.

Chairman Fox is preparing a program of timely interest. Current developments within the industry will receive special consideration. Among the subjects sched-

uled for discussion in Mr. Fox's meeting are: "Credit Department Cooperation" by L. S. Day, W. F. Schrafft & Sons Corp., Boston; "New Forms and Rules of Insurance Cover"; also "The Insurance Statement Form and its Relation to the Credit Man" by H. O. Snediker, Western Actuarial Bureau, Chicago; and "What is the Purpose of a Credit Group?" by A. H. Mader, American Chicle Co., Long Island City, N. Y.

A group luncheon is scheduled for Wednesday noon.

#### DRUGS AND CHEMICALS

**CHAIRMAN:** G. E. Raymond, The Upjohn Co., Kalamazoo, Mich.

**Co-CHAIRMAN:** L. M. Hutchins, Hazeltine and Perkins Drug Co., Grand Rapids, Mich.

**VICE-CHAIRMEN:** R. L. Plummer, Abbott Laboratories, No. Chicago, Ill.  
Miss Marguerite Jordan, Humiston-Keeling & Co., Chicago, Ill.  
A. T. Rickards, Sharp & Dohme Inc., Philadelphia, Pa.

Many interesting subjects have been selected for discussion at this group's sessions. Chairman Raymond has canvassed the field nationally to select speakers to cover subjects pertinent to the industry. Current developments within the industry will receive special consideration, as well as ways and means of preventing failure and building successful merchants.

Prepared papers and discussions are being arranged on such subjects as: "Credit Department Organization"—Harry E. Silverstone, Galler Drug Co., Chicago; "What Management Expects from its Credit Department"—James F. Stiles, Jr., Abbott Laboratories, North Chicago; "Credit Sources, Governmental and Private"—Dunlap C. Clark, President, American National Bank, Kalamazoo; "Legislation and the Credit Executive"—C. F. Baldwin, Washington Service Bureau, Washington, D. C.; and "New Forms and Rules for Insurance Cover"—Harry M. Terry, Michigan Millers Mutual Fire Insurance Co., Lansing, Michigan.

The program also provides for consideration of the First Annual Bad Debt Loss Study made by the United States Department of Commerce.

Among the subjects for open forum discussion are: "Credit Abuses"—Discussion Leader—Rhae M. Swisher of Rhae M. Swisher Co., Chicago; and "Promoting Good Will Among Customers"—the leader of discussion on this topic will be announced later.

The group is meeting at luncheon on Wednesday noon. Mr. L. W. Hutchins of Hazeltine and Perkins Drug Co. will act as toastmaster.

#### DRY GOODS, READY-TO-WEAR, CLOTHING, AND MEN'S FURNISHINGS

Men's Furnishings and Clothing Division

**CHAIRMAN:** L. A. Ernst, Cluett Peabody & Co. Inc., St. Louis, Mo.

Dry Goods and Ladies Ready-To-Wear Division  
**CHAIRMAN:** I. J. Gale, Rice-Stix Dry Goods Co., St. Louis, Mo.

Chairmen Gale and Ernst have prepared a program replete with competent speakers and subjects of universal interest, timely, instructive and controversial. Subjects which will be discussed at the sessions of this group are:

"Creditmen or Creditmice"—Joseph Stevens, Goodall Co., Cincinnati; "Corporate Reorganization Under the New Bankruptcy Act"—Benn M. Corbin, Attorney and former Referee in Bankruptcy, Grand Rapids; "Collection Letters"—J. L. Shonberger, Weisbaum Bros. Brower Co., Cincinnati; "Refinancing of Embarrassed or Insolvent Debtors"—Chas. A. Wells, President, John S. Brittain Dry Goods Co., St. Louis, Mo.; "Conserving Our Greatest Asset"—Flint Garrison, Publisher and Editor of "Garrison's Magazine", New York; "New Forms and Rules of Insurance Cover"—and "The Insurance Statement Form and Its Relation to the Credit Man"—H. O. Snediker, Western Actuarial Bureau.

Among the subjects scheduled for open forum discussion are: "The Business Outlook"; "Extension Arrangements"; "The Operating Statement"; "Eliminating Un-earned Discount Deductions and Merchandise Returns" and "Budgeting a Retail Business to Obtain Better Current Ratio".

A luncheon for the group is scheduled for Wednesday noon.

#### ELECTRICAL AND RADIO

**CHAIRMAN:** E. R. Meggs, General Electric Supply Corp., Grand Rapids, Mich.

**VICE-CHAIRMAN:** O. A. James, Radio Distributing Co., Grand Rapids, Mich.

Chairman Meggs is planning a varied program of interesting and educational subjects to be discussed at this group's sessions. The opening address will be made by R. M. Wilder, Assistant Treasurer of Pass & Seymour, Inc., Syracuse, N. Y.—subject "Sales and Sales Terms". "The Insurance Statement Form—Its Relation to the Credit Man" will be covered by a speaker acquainted in the problems of insurance.

Other timely subjects to be discussed in open forum fashion are "The Human Element in Credit Appraisal", "The Future of Installment Selling", and "Does Personal Contact by the Credit Man Help the Sales Department?"

Consideration is also being given to an address on the First Annual Bad Debt Loss Study made by the United States Department of Commerce.

The group is meeting at luncheon on Wednesday noon.

#### FINE PAPER

**CHAIRMAN:** George G. Marguerat, Butler Paper Co., Detroit, Mich.

**VICE-CHAIRMEN:** Lee H. Vaughn, Dudley Paper Co., Lansing, Mich.  
Samuel Wulfsohn, Berkshire Paper Co., Chicago, Ill.

The program of the Fine Paper Group will cover interesting subjects pertaining to this industry, and those attending will find the time spent well worth while. The subjects selected are of current interest. Round table discussions will afford everyone an opportunity to obtain invaluable suggestions and information in regard to credit problems. This group will be attended by leaders in credit work and all attending will have the unusual opportunity to meet these executives in person.

#### FOOD PRODUCTS AND ALLIED LINES—MANUFACTURING

**CHAIRMAN:** Frank H. Wheat, Federal Match Sales Corp., New York, N. Y.

**VICE-CHAIRMAN:** A. P. Brigham, Jr., Pet Milk

### Sales Corporation, St. Louis, Mo.

An outstanding feature of this group is to be a survey of actual conditions and practices in eight of the nation's largest markets. The report will be given first hand by respective Local Group Chairmen from Boston, Chicago, Philadelphia, St. Louis, New Orleans, Cincinnati, Baltimore, and New York.

Formal discussions are scheduled for "Field Warehousing"—George M. Burdett, Lawrence Warehouse Co., Chicago; "Chandler Act"—Mortimer J. Davis, New York Credit Men's Association, New York.

Round Table discussion of accounts submitted prior to the meeting will be another feature of this group's sessions.

A group luncheon is scheduled for Wednesday noon.

### FOOD PRODUCTS AND CONFECTIONERY—WHOLESALE

**CHAIRMAN:** John F. McGrath, Loose Wiles Biscuit Company, Minneapolis, Minn.

**VICE-CHAIRMAN:** Frank Gudgeon, Hills Bros. Co., Minneapolis, Minn.

A very interesting and constructive program is to be presented to the delegates attending this group's sessions. Among the many worthwhile subjects to be discussed by well-informed speakers in this industry are: "The Credit Investigation of Today", "Is it Safe to Depend Upon Salesmen's Credit Recommendations?", "The Analysis and Limitations of the Financial Statement", "Training the Customer to Develop Prompt Pay Habits", "How to Stimulate and Develop Group Interest and Loyalty", "Methods of Effecting Reductions of Old Accounts While Selling Currently", and "Weaknesses in Present Day Credit Information".

Mr. H. O. Snediker of the Western Actuarial Bureau, Chicago, will make an address on "New Forms and Rules of Insurance Cover", also "The Insurance Statement Form and its Relation to the Credit Man". The speaker has had much to do with the drawing of the new forms and he can be counted on to give a very interesting talk on this phase of insurance.

### FOOTWEAR

**CHAIRMAN:** E. J. Ball, Brown Shoe Co., St. Louis, Mo.

**VICE-CHAIRMEN:** Frank C. Knapp, Endicott Johnson Corporation, Endicott, New York.

H. S. Collinsworth, Gramling & Collinsworth, Atlanta, Ga.

A well-rounded program has been prepared for this group's sessions. Some of the subjects which will be discussed formally at the meetings of this group are: "Robinson-Patman Act and its Relation to Cash Discount"—Frank C. Knapp, Endicott-Johnson Corporation, Endicott, N. Y.; "Business Interruption and Extra Expense Insurance"—Emil J. Hepp, Springfield Fire and Marine Insurance Co., Chicago; "The Value of Credit Interchange Reports"—George W. Groves, Groves Shoe Co., Chicago; "New Developments in Bankruptcy Legislation"—H. S. Collinsworth, Gramling & Collinsworth, Atlanta, Ga.

Other topics to be presented for open forum discussion are: "The Credit Department as a Constructive Force in Building Sales Through Sound Management"; "Keeping the Credit Department Up-to-date"; "High Cost of

Slow Accounts and the Remedy"; and "Importance of Credit Correspondence".

### FURNITURE, FLOOR COVERING AND HOME FURNISHINGS

**CHAIRMAN:** A. W. Dewar, Kroehler Manufacturing Co., Naperville, Ill.

**VICE-CHAIRMAN:** Mayo N. Zeigler, John Widdicombe Co., Grand Rapids, Mich.

Chairman Dewar provides for formal presentation and discussion of important subjects relating to present-day problems as influenced by trends in trade. Many timely subjects will be discussed, such as: "The Bankruptcy Act and Chandler Amendments" by Chester C. Woolridge, Referee in Bankruptcy, Grand Rapids; "What Organization Does Business Require?" by Brace Bennett, National Association of Credit Men, New York; State Exemption Laws" by Francis L. Williams, Attorney, of Williams, Stiles & Tubbs, Grand Rapids.

Among the many subjects scheduled for open forum discussion are: "Financial and Operating Statements", "Creditors Committee, Receivership, or Bankruptcy. Which?", "Qualifications of Today's Credit Executive", "To What Extent Should the Credit Men Gamble with Poorly Rated Accounts", "Methods Used in Collecting Delinquent Accounts" and "Constructive Credit Work and Prevention of Liquidation".

A formal discussion of the First Annual Bad Debt Loss made by the United States Department of Commerce is also being considered.

The group is meeting at luncheon on Wednesday noon.

### HARDWARE MANUFACTURING

**CHAIRMAN:** E. E. Ogren, The Stanley Works, New Britain, Conn.

**VICE-CHAIRMAN:** Willard Becker, The Norton Door Closer Company, Chicago, Ill.

Chairman Ogren is preparing a very complete program for this year's sessions. Current developments within the industry will receive special attention. Several well-informed speakers will cover subjects pertinent to the industry. Among the many worthwhile subjects scheduled for discussion are: "Compromise Settlements", "The Two Bond Laws", "Cash Discounts", "The Proper Relation of Credit Interchange to Groups" and "The Relation of Credit to Insurance".

In addition there will be several periods for open forum discussion of credit group problems in this industry.

### HARDWARE WHOLESALE

**CHAIRMAN:** T. W. Allen, Belknap Hardware & Mfg. Co., Louisville, Ky.

**VICE-CHAIRMEN:** J. G. Holland, Moore-Handley Hdwe. Co., Birmingham, Ala. Edw. Kettner, Michigan Hardware Co., Grand Rapids, Mich.

Beginning his program with an address on "Aging Receivables for Control" by J. D. Patterson, Marshall-Wells Co., Duluth, Minn., Chairman Allen has designed a program to follow largely upon the open forum plan. Everyone present will be asked to suggest subjects for open discussion, and the Wednesday afternoon session will be allotted to those topics in which those present have indicated major interest.

Vice-Chairman J. G. Holland and Edw. Kettner will

act as discussion leaders.

Chairman Allen's program is based upon the open forum principle, with a new preparation and treatment. Because it assured that each discussion will be of direct interest to those in attendance, it will undoubtedly be most interesting and helpful, and well attended.

#### INSURANCE

**CHAIRMAN:** D. C. Campbell, Continental Insurance Co., Chicago, Ill.

**VICE-CHAIRMEN:** Raymond L. Ellis, The Fireman's Fund Insurance Co., San Francisco, Calif.

T. Alfred Fleming, National Board of Fire Underwriters, New York, N. Y.

J. Dillard Hall, The United States Fidelity and Guaranty Co., Baltimore, Md.

H. J. Lowry, Michigan Mutual Liability Company, Detroit, Mich.

**SEC'Y-TREAS.:** G. H. McClure, Lumbermens Mutual Casualty Co., Chicago, Ill.

Acquiring Credit Collateral or Guaranteed Assets on open accounts by use of the National Association of Credit Men's Insurance Statement Form will be the theme of talks by prominent speakers at the Credit Congress of Industry in Grand Rapids.

The Insurance Group has also scheduled an analysis of the certified public accountant's potential assistance to his customer by an insurance review in the light of the insurance statement form. A cordial invitation is extended to delegates to attend the Insurance Group Meeting and learn the practical application of the "back log to credit"—Insurance—as a means of reducing the tremendous annual loss to wholesale manufacturing and jobbing credits.

Two speakers of national repute are scheduled for the program which will begin at 9:30 A. M., Tuesday, June 13th. The program will include an address by Dr. Frank G. Dickinson, Ph.D., Professor of Insurance and Economics of the University of Illinois, on—"Insurance in the 1930's and the 1940's".

T. Alfred Fleming of the National Board of Fire Underwriters also will speak on—"The Insurance Statement Form and Insurance Forms".

Rhae M. Swisher, C. P. A. and Management Engineer will talk on—"Circulating Inventories and the Insurance Statement Form".

#### IRON AND STEEL

**CHAIRMAN:** B. G. McGrew, Scully Steel Products Co., Cleveland, Ohio.

#### REINFORCING AND BAR STEEL

**CHAIRMAN:** Robert Young, Bethlehem Steel Co., Bethlehem, Pa.

**VICE-CHAIRMAN:** A. J. Buling, The Hamilton Steel Co., Cleveland, Ohio.

As indicated, this year the Reinforcing Bar Steel Group consolidates its activities with the Iron and Steel Group, with Mr. McGrew, chairman of the latter group, in charge of the meeting, with Mr. Young working actively with him in the preparation of the program and the meeting.

Discussions will be centered largely upon the four fol-

lowing topics which can be expanded to treat practically every credit problem of the industry:

1. "The Iron and Steel Group Can Stabilize Credit Methods and Practices".
2. "Does Increased Volume, Necessitated by Current Developments in the Industry, Justify Increased Risks and Possible Losses?"
3. "How Embarrassed or Insolvent Debtors Are Being Refinanced Today".
4. "When a Customer Becomes Involved Financially, Should We Continue Selling Currently While Extending the Old Accounts? Who Benefits—the Creditor or the Debtor?"

In addition to these subjects, thought is being given to the addition of another talk along strictly financial lines, and these, supplemented with the open forum discussions for which time will be allotted, will make this a meeting of great interest.

A luncheon meeting is planned for the group.

#### MACHINERY AND SUPPLIES

**CHAIRMAN:** R. D. Andrew, American Blower Corporation, Detroit, Mich.

**VICE-CHAIRMEN:** R. H. Ryan, Pratt & Whitney Division, Niles Bement Pond Co., Hartford, Conn.

H. E. Kay, Industrial Brownhoist Corp., Bay City, Mich.

With the time of the meeting divided between presentation of specific topics by selected speakers and open forum discussion, Mr. Andrew, chairman of the group, has designed a program which will keep the meeting occupied and interested during all of the time at its disposal.

Selected for principal topics are the following: "Legislative and Tax Activities of the National Association of Credit Men" by H. E. Kay, Industrial Brownhoist Corporation, Bay City; "How Your Local Association Can Help Your Business" by L. E. Phelan, Secretary, Detroit Association of Credit Men; "New Forms and Rules of Insurance Coverage" by H. O. Snediker, Western Actuarial Bureau, Chicago; "Is It Safe to Export on Open Account Terms?" by Kenneth H. Campbell, Foreign Credit Interchange Bureau, New York.

Among the topics selected for round table and open forum discussion are the following: "Requisites of the Modern Credit Manager"—"Best Credit Policies for Machinery Industry"—"What the Credit Department Can Do to Reduce Failures and Increase Profits". The discussion of each topic will follow a pattern of established sub-headings. There will also be an open forum discussion on the matter of export business.

#### MEAT PACKING

**CHAIRMAN:** R. A. Carrier, Agar Packing & Provision Corp., Chicago, Ill.

**VICE-CHAIRMAN:** Fred Wetzel, Jourdan Packing Co., Chicago, Ill.

Chairman Carrier's Program has been largely completed. Among those who will speak on his Program are Glenn R. Hicks, General Credit Manager of Wilson & Company, Chicago; L. C. Storm, Armour & Company, General Credit Department, Chicago; F. D. Wetzel, Jourdan Packing Company, Chicago—each one discussing a subject of vital importance and interest to every packing house credit man. *(Continued on page 44)*

## Association activities

### Portland:

R. E. Rogers, Stubbs Electric Co., is the new President of the Portland A. C. M. and of the Adjustment Bureau of this Association, having been elected at the April 27 meeting of the two organizations.

E. B. Cooper, Marshall-Wells Co., is Vice President of the Association and the Bureau and L. R. Pendell, Closset & Devers Co., is Secretary of the Association. John L. Stevenson, Steel Tank & Pipe Co., was elected Secretary of the Adjustment Bureau.

Adjustment Bureau Directors chosen are: F. A. Dudley, General Grocery Co.; R. E. Rogers and L. R. Pendell.

Six Association Trustees chosen at the meeting are: Ray D. Beam, Consolidated Supply Co.; Sidney W. Mills, J. E. Haseltine & Co.; J. H. Dalton, Tidewater Associated Oil Co.; S. E. Lasselle, Zellerbach Paper Co.; J. F. Totten, General Paint Corp.—to succeed themselves, and W. C. Snider of the Fibreboard Products, Inc., to succeed Mr. Wm. L. Hay. E. B. Johnson continues as Executive Vice President.

### Kansas City:

The annual dinner meeting of the Kansas City A. C. M. was held on May 11 and it was hailed by all in attendance as a fitting climax to a successful year under the administration of President J. G. Dean.

### St. Joseph:

The St. Joseph A. C. M. held its dinner meeting on May 9 at the St. Joseph Country Club, designated as "Hardware Night." The meeting heard a talk by J. E. Woodmansee, Vice Pres., Richards and Conover Hardware Co., on the subject: "Detective Force of Business."

### Syracuse:

Dr. Sipa Heller, New York University, was the guest speaker at the May 9 dinner meeting of the Syracuse A. C. M. at the Onondaga Hotel. He discussed the economic situation in the United States, present and future. The meeting was dedicated to past presidents of the Association and had as an extra attraction, Jack Corbett, President of the Syracuse Chiefs' baseball team. The local group also attended the annual spring outing of the Association on June 3.

### Haight writes on export credits

P. M. Haight, Past President, N.A.C.M., and Secretary-Treasurer, International General Electric Co., New York, was the contributor of an article on "Export Credit and Financial Management" in a recent issue of "Inspection News," published by the Retail Credit Company of Atlanta.

# A common sense way of getting needed capital



## Field Warehousing by Douglas—Guardian

If you own inventory in raw or finished merchandise, Douglas-Guardian comes to where your inventory is located, takes over custodianship, and issues Warehouse Receipts to cover the loan you desire. You get it on favorable terms because it represents an attractive loan to the bank.

Douglas-Guardian service is highly developed and assumes all the details. The heads of our business have had over 16 years' successful experience in the field. You can be assured that successful experience is at the helm when Douglas-Guardian service is being utilized. What questions can we answer? What is your specific need for money, and what inventory is available? Glad to discuss this with you through a call or by letter.



#### WRITE FOR FREE BOOKLET

Give a concise, comprehensive information covering Field Warehousing in general and Douglas-Guardian specialized and experienced service in particular.

#### At Grand Rapids Convention — Booth 3

Douglas-Guardian Warehouse Corp.,  
100 West Monroe St., Chicago

C&FM

Please send us your book, *Financing the Modern Way*.

Company Name \_\_\_\_\_

Address \_\_\_\_\_

Signed \_\_\_\_\_

## DOUGLAS-GUARDIAN WAREHOUSE CORPORATION

Nation-Wide Field Warehousing Service

100 West Monroe St., Chicago, Ill. 118 North Front St., New Orleans, La.

Also Regional Service Offices at:

Memphis, Tenn. Dallas, Texas Easton, Md. Tampa, Fla. Springfield, Mo.  
Rochester, N.Y. New York, N.Y. Los Angeles, Cal. San Francisco, Cal. Cleveland, O.

When writing to advertisers please mention Credit & Financial Management

*(Continued from page 42)*

In addition, there will be talks on "Credit Association Activities", "The Insurance Problems of the Meat Packing Industry", and "Credit Education".

With ample time allowed for forum discussion of each item, this program will assuredly be intensely interesting and a high spot for those attending the Credit Congress from the meat packing industry.

**PAINT, VARNISH, LACQUER AND WALLPAPER CHAIRMAN:** H. E. Rhell, John T. Lewis & Bros. Co., Philadelphia, Pa.

Mr. Rhell, chairman of this group, acts in a dual capacity representing the credit interests of his industry. Not only does he represent his industry in the National Association of Credit Men, but he is also chairman of the Credits and Collections Committee of the National Paint, Varnish and Lacquer Association which for many years has coordinated its activities closely with the services and facilities of the National Association of Credit Men.

Mr. Rhell has developed a program designed to interest all branches of his Industry—manufacturer, wholesaler, and those selling painting contractors.

With the National Paint, Varnish and Lacquer Association particularly interested in promoting Group and Industry Activity, Mr. Rhell's Program, in addition to round-table talks and discussions on present every day problems, will also discuss such subjects as "What Is the Purpose of a Credit Group?", "Weaknesses in Present Day Credit Information", "The Effect of Recent Legislation on Credit", etc.

Summarized, the Program will maintain the interesting trend of "What is needed to promote sound credit, and how can we meet those needs"—subjects of direct importance to everyone attending the meeting.

**PAPER PRODUCTS AND CONVERTERS CHAIRMAN:** H. L. Brunner, Central Fibre Products Co., Inc., Chicago, Ill.

**VICE-CHAIRMAN:** R. K. Stoltz, American Box Board Co., Grand Rapids, Mich.

Michigan being headquarters for a large section of the Paper Industry, this year's meeting, under the chairmanship of Mr. Brunner, will be a local, state and homecoming party.

A majority of the speakers will be from the State of Michigan, headed by Vice-Chairman Stoltz.

Because of the location, a large attendance is anticipated at this meeting, perhaps the largest for several years, and accordingly an interesting and worthwhile get-together is anticipated.

#### PETROLEUM

**CHAIRMAN:** B. W. Atwood, Shell Oil Company, Inc., New York, N. Y.

**VICE-CHAIRMAN:** H. E. Butcher, Cities Service Oil Co., Chicago, Ill.

**CONVENTION CHAIRMAN:** C. S. MacDonald, Standard Oil Co. (Ind.), Grand Rapids, Mich.

In preparation for this meeting, Chairman Atwood followed a plan of organization found to be particularly effective in past years. Mr. Atwood and Mr. Butcher are, respectively, chairman and vice-chairman of the Petroleum Refiners Division of the National Association

of Credit Men, which Division represents the Industry throughout the year in matters relating to credit. The Division has also selected a Convention Chairman in the city where the meeting is to be held; in this case, Mr. C. S. MacDonald.

Principal among the topics planned for discussion at Grand Rapids will be "Farm Credits", "A Review of a Credit Card Survey" just recently completed on a nationwide basis, and plans for the extension of that survey during the coming year.

In addition, there will be other talks on "Keeping Report Costs in Reason", "Recent Laws Affecting Business and Credits", etc.

Among the speakers will be D. A. Grant, Socony-Vacuum Oil Company, Chicago; H. R. Wakefield, Sun Oil Company, Philadelphia; H. E. Butcher, Cities Service Oil Company, Chicago, and a number of others, each one having made a specialized study of this particular topic and, therefore, thoroughly qualified to discuss it.

Active participation of everyone present in discussions has come to be a marked feature of Petroleum Meetings, and this in addition to the luncheon which is planned for Wednesday noon assure full advantage of the three principal values of Industry Meetings: Information on subjects of particular interest, an exchange of ideas, and a splendid opportunity for close personal contact and acquaintanceship.

#### PLUMBING AND HEATING

**CHAIRMAN:** W. W. Loop, Grinnell Company, Inc., St. Louis, Mo.

**VICE-CHAIRMEN:** E. C. Hurt, Richards Manufacturing Co., Grand Rapids, Mich. John T. Brown, Jr., Hajoca Corporation, Philadelphia, Pa.

The subjects Chairman Loop has scheduled for discussion at this meeting are of direct and immediate interest to the Credit Managers of the Industry. Among them are "The Two Bond Law" by C. F. Baldwin, National Association of Credit Men; "Speculative Building Credit Problems" by Dana W. Norris, Lennox Furnace Co., Syracuse, N. Y.; "New Forms and Rules of Insurance Coverage" by an experienced insurance speaker.

Another interesting topic will be a Report on the First Annual Bad Debt Loss Study by the United States Department of Commerce by a speaker from the Department. The Plumbing and Heating Industry is among those where special break down and special information with respect to losses are available from the Commerce Department's records, and this will doubtless make for a particularly interesting presentation of this subject.

Ample time is assured for a complete discussion of each scheduled topic. In addition, special provision will be made for consideration of all other subjects of particular interest to those present.

#### PUBLIC UTILITIES

**CHAIRMAN:** Harry J. Offer, The Detroit Edison Co., Detroit, Mich.

**VICE-CHAIRMEN:** R. Wm. Peterson (Western Division) Puget Sound Power & Light Co., Seattle, Wash.

Milton F. Williams (Central Division) New Orleans Public Service Inc., New Orleans, La.

F. D. Hayes (Eastern Division)

*(Continued on page 51)*

## **Food Co-Ops Found Cost as Much to Run As Private Concerns**

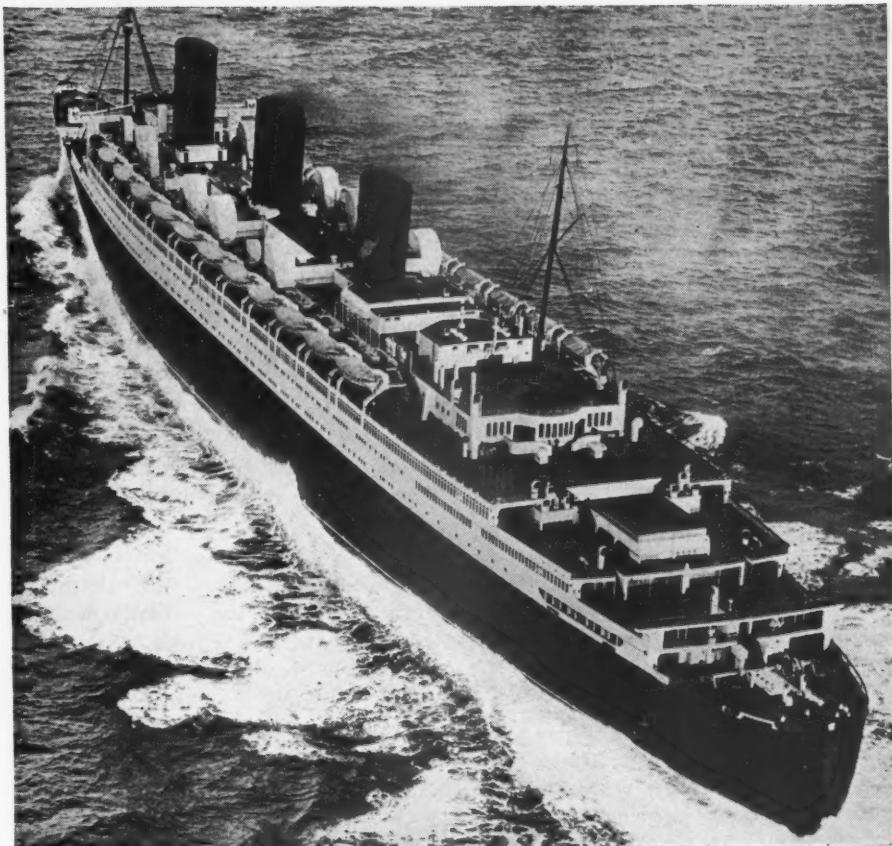
Co-operatively-owned food stores are operated at approximately the same levels of total expense and gross margin as correspondingly privately-owned stores, according to a research report by Carl N. Schmalz, released by the Bureau of Business Research of the Harvard Business School.

Less complete comparisons for general stores show substantially lower percentages of margin and expense for the co-operative than for private enterprises. In addition, the report contains detailed operating statistics for farmer-owned co-operative purchasing organizations handling farm supplies and petroleum products, the organizations which constitute the strongest branch of the consumer co-operative movement in the United States. In the absence of comparable data for private enterprise, the Bureau's report reaches no conclusions on the relative efficiency of these farmers' organizations.

These are the outstanding conclusions and features of the new report by the Harvard Bureau of Business Research on operating results in wholesale and retail trade. The new report is entitled, "Operating Results of Consumer Co-operatives in the United States in 1937." It was written by Mr. Schmalz, chief, Bureau of Business Research; and it is published and distributed by the Bureau. This study of consumer co-operatives was financed by the Good Will Fund, Inc., of Boston and New York.

The bureau's statistics were based on reports from 249 consumer co-operatives having aggregate net sales in 1937 of \$19,407,000 and located, for the most part, in the area east of Colorado and Wyoming and north of Arkansas, Kentucky, and Maryland.

The average sales per store in 1937 for the co-operatives studied was \$50,000, and there was evidence that societies with smaller sales per store found it difficult to earn a profit. The rate of increase in sales from 1936 to 1937, 17 per cent was about three times that for grocery and meat stores for the country as a whole reported by the Department of Commerce, suggesting that the co-operatives were growing rapidly.



# WHO Needs A Lifeboat?

The course is charted. The ship is strong and sturdy. Officers and crew are clear-headed, quick-thinking. The odds are overwhelmingly in favor of a safe voyage. *Then why the lifeboats?*

The alert Credit Executive has, and uses, every modern facility for determining the safety of accounts before he authorizes shipment. *Then why Credit Insurance?*

## *American Credit Insurance*

is the one safeguard after the shipment "leaves port"—during 30, 60, or 90 days of ever-shifting, changing conditions. Keen Credit Executives see the wisdom of protecting against credit losses which they cannot foresee nor prevent.

"American" reimburses policyholders on insolvencies, liquidates delinquencies, includes protection under the Chandler Act. Ask about the economical General Coverage Plan.

## *American Credit Indemnity Co.*

OF NEW YORK J. F. McFADDEN, President  
Chamber of Commerce Bldg. St. Louis, Mo.  
*Offices in all principal cities of United States and Canada*

**GET THIS FREE BOOK**

**"The Best Collection Letter I Ever Used"**

Facsimiles of thirty vital, resultful letters contributed by Manufacturers and Jobbers. Cash in on their experience. Ask for free book: "The Best Collection Letter I Ever Used." Copyright 1939, American Credit Indemnity Co. of N.Y. X16

Copyright 1932, American Credit Indemnity Co. of N.Y. X10

When writing to advertisers please mention Credit & Financial Management

# HOW RETAILERS IN 4 CITIES CUT BAD DEBT LOSSES

## SEND FOR FREE BOOK

In Detroit collection percentages rose in two years by 20 to 25 points to a high average which has since been maintained. Credit sales have consistently shown a greater increase than total business of the stores each year since the new credit policy was adopted.

### Higher collection percentages

In Dayton the new policy resulted in such a speeding up of collections that collection percentages of the stores within two months showed a higher average than they had ever reached before, and there were no adverse effects upon sales volume. In Cincinnati retailers reduced book-keeping and collection costs, cut bad debt losses, and decreased their expense for interest on capital tied up in receivables.

In Minneapolis the control policy showed its worth during the depression years when the average collection percentage of the department stores fell only slightly from 64.2% in 1930 to 62.04% in 1933, and was 65% in 1937.

### What to do

How did credit managers get these results? What was the policy they adopted to such advantage? Dr. Phelps gives the answer in his new book "A Community Credit Control Policy". In this book he tells how a community credit control policy turns slow accounts into prompt paying customers. He tells how to create the policy and how to carry it out.

Household Finance has published "A Community Credit Control Policy" as a contribution to better credit methods. You may obtain copies for distribution to your customers for mailing costs only. Why not send the coupon for a free sample copy?



See Household's interesting exhibit "Stretching Your Dollar" at the New York World's Fair

## HOUSEHOLD FINANCE CORPORATION and Subsidiaries

*"Doctor of Family Finances"*

... one of America's leading family finance organizations, with 241 branches in 153 cities

HOUSEHOLD FINANCE CORPORATION  
Dept. CFM-6, 919 N. Michigan Ave., Chicago, Ill.  
Please send me free copy of "A Community Credit Control Policy." This request places me under no obligation.

Name.....

Address.....

City..... State.....

## The Furniture Capital

(Cont'd from p. 22) payments. But the furniture industry goes on, rooted in something deeper—a tradition of integrity and pride of artistry. The lumber comes now from all parts of the continent, the fine matched veneers from jungles half a world away. And in the field of fine furniture, where price is not the first object and where beauty and quality are the chief aims, it is as hard to compete with Grand Rapids as it ever was. Other centers, many of them with a far cheaper labor supply, turn out more furniture; none turns out better.

No small factor in this continued prestige has been the working personnel of the Grand Rapids companies, particularly the hardy, devout, industrious Holland stock which settled in western Michigan beginning with colonies seeking religious freedom well before the Civil war. Also of great importance is the hotel and auditorium provision built up for the twice-a-year markets or expositions and increasingly recognized by national organizations as ideal convention hall facilities. The new Civic auditorium seating 5,100 was constructed during the depression by public bond issue vote, and has been the scene of American Bar Association, Advertising Federation of America and other noteworthy conventions in a distinguished list to which the city now cordially welcomes the National Association of Credit Men.

## A Factor's Views on Assignments

(Cont. from p. 24) nor the present equipment to formulate a detailed plan in advance of such collaboration. This must manifestly be worked out, after careful study and conference, by the parties themselves. Possibly a confidential clearing house of accounts-receivable information might be helpful. Possibly the adoption of a more searching form of questionnaire in financial statements might go far towards solving the problem. Perhaps a wholly new approach may be worked out. But no solution will be adequate that does not include a comprehensive program of education in the fundamentals of accounts-receivable finance. This pro-

gram should be addressed not merely to accountants and credit men but to the business world as a whole, and should be sponsored by all legitimate purchasers of open accounts, whether finance companies or old-line factors. Only by the creation of a broad common front moving along educational lines, can ignorance and prejudice be cleared away and the ground prepared for a constructive advance of accounts-receivable factoring.

Be thankful every morning when you get up that you have something to do that day which must be done whether you like it or not. Being forced to work, and forced to do your best, will breathe in you temperance and self-control, diligence and strength of will, cheerfulness and content, and a hundred virtues which the idle never knew.—Kingsley.

### NATIONAL NOMINATIONS COMMITTEE

Paul Fielden, Norton Company, Worcester, Mass. (Chairman)  
Fred Roth, Whitney-Roth Shoe Co., Cleveland, Ohio  
P. M. Haight, International General Electric Co., New York, N. Y.  
William Fraser, J. P. Stevens Co., Inc., New York, N. Y.  
E. D. Ross, Irwin Hodson Co., Portland, Ore.  
F. C. Knapp, Endicott Johnson Corp., Endicott, N. Y.  
H. E. Rhell, John T. Lewis & Bros. Co., Philadelphia, Pa.  
W. A. Jeffords, American Lava Corp., Chattanooga, Tenn.  
L. T. Hadley, Goodman Mfg. Co., Chicago, Ill.  
E. G. Parker, First National Bank, Fort Worth, Texas  
J. A. McBrien, Jordan Stevens Co., Minneapolis, Minn.  
G. A. Van Smith, Pacific Box Corp., San Francisco, Cal.  
Herbert Bradshaw, Bausch & Lomb Optical Co., Rochester, N. Y.  
Frank Hughes, Federal Reserve Bank, Boston, Mass.  
G. J. Eberts, John S. Naylor, Wheeling, W. Va.  
J. L. Schoenberger, Weisbaum Bros. Brower Co., Cincinnati, Ohio  
C. S. MacDonald, Standard Oil Co., Grand Rapids, Mich.  
R. L. Simpson, C. T. Patterson & Co., New Orleans, La.  
H. B. Holmes, John Deere Plow Co., Sioux Falls, S. D.  
F. L. Andrews, Davis Brothers Drug Co., Denver, Colo.  
H. C. Jackson, American Hardware Corp., New Britain, Conn.  
Harold Myers, Peoples National Bank of Washington, Seattle, Wash.  
G. E. Burton, H. Dinwoodey Furn. Co., Salt Lake City, Utah  
R. L. Attaway, Westinghouse Elec. & Mfg. Co., Atlanta, Ga.

When writing to advertiser's please mention Credit & Financial Management

## Watch Adjustment Bureau Laws

**S** The members of the N.A.C.M. can control adverse Adjustment Bureau legislation. The job is not only an intensive task during sessions of the Congress and sessions of State Legislatures; it is a continuing responsibility. Measures introduced frequently are poorly conceived, selfishly motivated, viciously intended and not in the public interest.

Local Legislative Committees within a state are so organized that they coordinate with each other. They have personnel that "carries over" from year to year. They study all bills that may affect the efficient and economical operation of Adjustment Bureaus.

## N.A.C.M. Cooperates in Business-Consumer Parley

**S** The National Association of Credit Men has accepted an invitation from the National Association of Better Business Bureaus to be one of the "cooperating organizations" for its June meeting in Buffalo, N. Y., which will be a "Business-Consumer Relations Conference on Advertising and Selling Practices."

In cooperating with the National Association of Better Business Bureaus, the N. A. C. M. joins such prominent business organizations as the Advertising Federation of America, American Management Association, American Retail Federation, American Retail Coal Association, U. S. Bureau of Agricultural Economics, Canadian Chamber of Commerce, Harvard University Graduate School of Business Administration, Institute of Carpet Manufacturers of America, Limited Price Variety Stores Association.

**S** Despite police regulations in Tokyo forbidding the selling of snakes as a medicine more than 1000 reptiles are eaten daily in the city.

**S** According to estimates there are 1,000,000 to 1,500,000 bone fractures in the United States during the course of a year.



## NOW— Insurance for Your Structural Glass

*U. S. F. & G. Policies Cover  
Practically Every Application*

Structural Glass insurance is available against loss due to breakage of structural glass, at low rates.

These Policies cover glass brick walls and partitions, plates of vitrolite, carrara, opalite and similar obscured and decorative glass used inside or outside your building, store, home or office.

Ask your U. S. F. & G. Agent to explain how these policies give you maximum protection of your expensive glass, at lowest possible cost. You'll find his name in your local classified telephone directory. Telephone him today.

### A Few Applications of Structural Glass

Store Fronts and Interior Walls	Table and Counter Tops
Ceilings and Floors	Lobbies
Walls and Partitions of Glass Brick	Kitchens
Ornamental Glass Designs	Beauty Shops
	Chemical Laboratories

# U. S. F. & G.

UNITED STATES FIDELITY AND GUARANTY COMPANY

*with which is affiliated*

FIDELITY & GUARANTY FIRE CORPORATION

HOME OFFICES: BALTIMORE

*"Consult your Agent or Broker as you would your Doctor or Lawyer"*

*When writing to advertisers please mention Credit & Financial Management*

# Group Solves Oil Problems

## California Producers Cut Credit Losses

By Floyd Glass, Manager Oil Division, Los Angeles A. C. M.

**OF** As its major industry, the oil business of California presents also its major credit problem. Being highly specialized, quite hazardous, and extremely speculative, the search for "Black Gold" attracts the interest of many different types of operators.

During 1929 and 1930, California experienced one of the wildest of promotional activities, near Los Angeles in the townsite of Venice. Coincident with this development work, was a credit loss representing a staggering total which literally challenged the credit fraternity of this industry to *do something*. Informal discussion of their common problems by small groups was soon followed by regular trade group luncheon meetings, which served to establish a feeling of confidence among the various Credit Men.

Following closely upon the advantages shown through trade group contacts, the idea of centralized oil field credits was first inaugurated personally by the writer in a complete credit service to a small group of non-competitive supply companies. This soon demonstrated the plan as practicable and pointed toward the further advantages of establishing a central bureau under the auspices of the Los Angeles Credit Men's Association. A committee was formed and, following several weeks of careful planning and research, the Old Field Division took its bow on February 1, 1932. It is interesting to note that the original plan was found exceedingly practical and has been followed very closely during the seven years of consistent growth of this department.

The service, which caters specifically to the California oil industry, is maintained by nominal monthly dues from its members, and includes the following features:

**Daily Bulletin:** This sheet is issued

daily except Saturdays, Sundays and legal holidays, and includes the more important items of record which may affect the credit standing of oil operators in California.

**Special Reports:** Organization and credit information of a general nature is obtained by personal interview with the principals of new companies as formed, and other affiliations and antecedent information on principals is added, when available from references or local files, and forwarded to each member, attached to the Daily Bulletin of that date.

**Ledger Clearances:** Periodically, or as members make requests for the paying record of firms engaged in this industry, credit experience requests are sent to each member who then reports, showing his experience in dollars only, and returns it at once to the Division office.

**Past Due List:** It is the optional privilege of members to participate in a summarized monthly ledger report of all accounts within this classification. This listing is especially helpful in supervising collection work.

**Active Operators List:** On the first of each month a listing is forwarded, segregated by companies and showing by districts the development work then in progress in the California oil fields. Opposite the operators' name is a code letter which indicates their paying record as reflected at that time by information in the Division's files.

**Roster:** On March 1 and September 1 of each year, a complete list of the Oil Field Division membership is printed and forwarded to each member. For identification and customer's convenience, a Roster is also left with the party interviewed when obtaining the information for Special Reports.

**Guaranty Forms:** Many situations arise where seller wishes the payment

of his account further guaranteed by one or more responsible individuals. For this purpose the Division furnishes its members with guaranty forms, which, through experience, have proven very satisfactory and an additional credit safeguard.

**Inquiry Privileges:** A complete record of the aforementioned lists and reports, along with considerable additional information which passes through the Division office, is summarized and recorded on master files and is subject to reasonable credit inquiry privileges by the membership.

**Group Meetings:** On the third Tuesday of each month, the Oil Field Division regularly holds a luncheon meeting, the locale of which is suited to the majority. Special dinner meetings are occasionally arranged for the particular convenience of out-of-town members. Notices of all meetings are sent to each member, along with a convenient return card with which to make reservations.

**Extended Service:** By special arrangement, the Oil Field Division also offers its membership the privilege of securing mercantile credits reports on firms or individuals other than those engaged in the California Oil Industry. These reports are secured through a reputable reporting agency of national importance and may be obtained on an actual cost basis.

The ultimate aim of every Credit Manager should be to build good will and promote prosperity, and the measure of his success depends largely upon the reliability and accessibility of his sources of information. The Oil Field Division has thus dedicated its efforts toward establishing and maintaining stabilized credits in California's No. 1 industry. This all adds up to low bad debt losses and this in turn increases the percentage of profit.

## Streamlined Credit Forms

(Cont'd from P. 15) demonstrated to us that in the aggregate this policy is more beneficial than otherwise. Each month, a complete analysis is made of our entire accounts receivable, which is properly aged, and reports are sent to all district managers and department heads of our sales organization. This report is on our Form 250-General. This report is further broken down, and is furnished to respective territories on Form 249-General, so that, once a month, each representative receives a complete analysis of tardy accounts. This, of course, is given as sort of a supplement at the end of each month, because previously each representative receives copies twice a month of all statements sent to customers on accounts overdue in his territory, as well as copies of all correspondence to any customer, regardless of the size of the account, with the result that we have, I am pleased to repeat again, a very low average bad debt loss.

Frequently, we find the situation with respect to a customer's account warrants a personal call from the Credit Department, in which case full information is immediately sent to the District Manager and the territory representative, on a personal call report form, provided for that purpose, which gives details and reason for the call, results obtained and opinion formed as a result of that call. It is intended by the use of this report to aid materially in coordinating the efforts of the home office, the district office and the representative in the field.

Summarizing what has been said about the necessity of changing credit procedure to parallel the present merchandising methods, we find that the principal asset to any credit department is to be in a position to readily obtain facts and information with regard to prospective and new customers, and when that information is obtained, to use it at its face value, and not be persuaded or swayed by the desire to make just another sale, which always will reflect itself at the end of the year, when the charge-offs are made.

## AUDITORS! OFFICE MANAGERS!



Of Your  
Loose Leaf  
Binder  
Expense  
With

## JOYCE DOUBLE-DUTY FLEXIBLE SPRING POST SELF BINDERS

Serves for current use . . . then does double duty as a storage binder! Learn about the exclusive Joyce binder patent features which offer you thin unusual saving, convenience, extra service, and is MADE TO FIT ANY SIZE SHEET OR FORM.

### PROVEN ECONOMY!

QUARTER MILLION IN ACTUAL USE!  
SPECIAL OFFER: Just send us your sample sheet and get a JOYCE binder for your trial use. Or write for illustrated folder "Cutting Binder Costs 50 Percent."

Dept. N

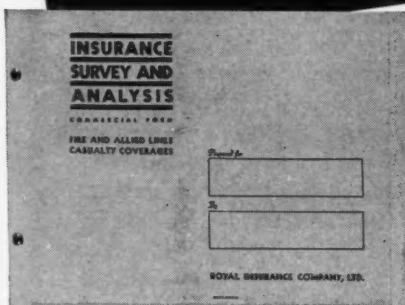
The Edward J. Joyce Filing Co.  
ESTABLISHED 1891  
60 W. WASHINGTON STREET CHICAGO

## "A CREDIT REPORT" on YOUR Insurance Set-up

**C**OST-FREE and obligation-free you may obtain from any agent of the Royal-Liverpool Groups an Insurance Survey and Analysis which will—

- (1) show the insurable hazards peculiar to your business, the extent to which they are now covered, and a breakdown of your insurance costs;
- (2) point out any weakness in your insurance protection;
- (3) submit recommendations which may reduce the cost of your insurance program or provide for it more efficiently.

Why not let a local representative of the Royal-Liverpool Groups demonstrate his ability to serve you by means of such a Survey and Analysis?



# ROYAL-LIVERPOOL GROUPS

ONE HUNDRED FIFTY WILLIAM STREET, NEW YORK, N.Y.

AMERICAN & FOREIGN INSURANCE COMPANY • BRITISH & FOREIGN MARINE INSURANCE COMPANY, LTD. • CAPITAL FIRE INSURANCE COMPANY OF CALIFORNIA  
THE LIVERPOOL & LONDON & GLOBE INSURANCE CO., LTD. • THAMES & MERSEY MARINE INSURANCE COMPANY, LTD. • QUEEN INSURANCE COMPANY OF AMERICA  
THE NEWARK FIRE INSURANCE COMPANY • FEDERAL UNION INSURANCE COMPANY • ROYAL INSURANCE COMPANY, LTD. • STAR INSURANCE COMPANY OF AMERICA

When writing to advertisers please mention Credit & Financial Management

# How the Mind of the Debtor Operates

(Cont'd from P. 11) standing. For if steps must be taken to collect the account — if it is reported to the Retail Credit Bureau as still unpaid — don't you see how it is going to affect your credit?

I'm sure you don't want this — neither do I. So I'm writing you this last appeal to come in and talk it over with me, and see if we can work out some arrangement that will be satisfactory.

I'm sure we can, and I'm going to hold your account on my desk until March 31st. In your interest, come in or phone me before that date.

Sincerely yours,

As may be gathered from what has been said thus far, the basis of any appeal made to the debtor must be self-interest. To appreciate the force of this principle, let us examine a poor letter:

Dear Sir:

We are sorry to notice that you have not yet paid your bill of March 28th for \$36.10. If you will pay your account at once, we shall appreciate it, as we need the money. You are causing us to lose money by letting this bill remain unpaid.

You should see the justice of our attitude, and we feel certain you will send us your check in the course of the next few days.

Yours very truly,

This specimen is only an extreme example of a whole class of what might be called "the poor, dear company" letters. They picture the company as standing and wringing its hands at the faithlessness of the customer or as about to plunge into bankruptcy because his check has not been received. Such messages leave the reader as unmoved as a stone. "What is that to me? See thou to it" is the burden of his reply.

## Sympathy Appeals Lack Force

For the same general reason, appeals to sympathy or good will have little force. They work best when the delinquent's debt is small or when his basic credit situation is sound. A relatively high ethical type responds to an appeal to his sense of honor or fairness because it activates his want of approbation. An appeal to pride or to one's sense of good business is often successful because it activates the ego. A lower sort of appeal, but one nearly universal in its force, is that made to fear of losing credit reputation or fear of suit. To avoid, however, the destructive effect of such an appeal, the collection writer must so present it as to show that he uses it unwillingly and that he is still on the side of the customer. Following is a constructive example:

Dear Sir:

We have just finished reviewing carefully the entire file in connection with your unpaid account, and can see no reason whatever why payment should not be enforced. But before we change our collection procedure let's just go over the situation together:

After your account matured, we not only sent you a statement and a duplicate invoice, but wrote you four times without receiving the courtesy of an answer. A draft was drawn, but you have not paid it. Please try to look at our side of this as well as yours. Our letters have proven ineffective, we have no collector to call on you, and our only alternative is to employ an outside collection agency or attorney.

Knowing how seriously a merchant's standing in his

community may be affected when an account is reported in the hands of an attorney, we always endeavor, in the few cases of this kind that come up, to protect a customer by first notifying him fully of our intentions.

We still value your goodwill and dislike to write you in this manner; but we must tell you very frankly that the account will be placed for collection through other channels if not paid immediately. Your check mailed today will make such action unnecessary.

Yours truly,

The debtor, like everyone else, thinks of himself as a high ethical type and thinks that the credit department regards him as such. The collection writer must keep that picture fresh in the delinquent's mind. If the letter accuses him or implies discrepancies, it destroys his own self-regard and makes him feel that it is not worth while trying to preserve the credit manager's conception of him. It is therefore effective sometimes, after other efforts fail, to send him a letter signed by a writer higher up in the organization, because to do so saves his "face" and lets him deal with a man who does not know all the story of his delinquency.

## Humor Also Lacks Force

Accompanying this article are two collection letters sent out by *Time* magazine. One has a grave and responsible tone; the other attempts to catch the reader's fancy by the insertion of amusing pictures in place of words. The first message has force; the second lacks it. The amusing letter is an example of a class of messages which are inspired by the desire to make a novel and more interesting approach to the debtor. A letter of this type may enclose a string to be tied around the debtor's finger in order that he may not forget to send a check; it may be typed on a tiny letterhead because "the balance is too small for a large sheet"; it may use only half the letterhead, leaving the other half for the reply; it may tell an uproariously funny story and then ask for payment.

These and a hundred other similarly playful devices fail because they violate a cardinal principle of credit: that the credit obligation is a serious responsibility. The collection manager can hardly expect the customer to take his delinquency seriously if the firm does not do so. The debtor has just one natural reaction: "Well, the company is certainly pretty jolly about my account. If it's so good-natured, I don't need to send in my check for a while."

Necessarily unsystematic though this excursion into applied psychology has been, it has furnished us with a few rules for our future collection letters:

1. Find the want which can be activated.
2. If there is a conflict, solve it for the reader.
3. Penetrate the protective shield of rationalization.
4. Base the appeal on self-interest.
5. Preserve the debtor's ideal picture of himself.
6. Maintain a tone of seriousness and responsibility.

## Business Aide

If people would whistle more and  
whine less,

Hustle more and holler less,

Work more and worry less,

Boost more and knock less,

Give more and grab less,

Business would get better fast!

# Industry Group Meetings

(Cont'd from p. 44)

West Penn Power Co., Pittsburgh, Pa.

Representatives from over one hundred Public Utilities are expected at the Credit Congress of Industry. All important phases of Public Utilities Credit and Collection Work will be discussed.

Mr. R. W. Forwood, Consumers Power Co., Grand Rapids, will welcome Group Members.

Chairman Offer's program is being set up under three headings: 1. CREDIT PROBLEMS (a) "Should we accept guarantees?" (b) "When should deposits be refunded to customers?" 2. COLLECTION PROBLEMS (a) "Current overdue accounts" (b) "Monthly vs. Bi-Monthly billing, showing the difference in the cost and its effect on collections" (c) "Results of bills rendered net as compared with bills which include a discount allowance for prompt payment" (d) "Partial payments." 3. APPLIANCE CREDIT AND COLLECTIONS (a) "Time allowed on 'term sales' and the average down payment" (b) "Practices on Repossession of merchandise."

Prepared papers and discussions are being arranged on such subjects as "Bonus plan for paying collectors," "Final Billing. Should the final billing be eliminated when customer has moved and is using service at the new address"; "The use of outside collection agencies"; and "A National Clearing House Plan for the Public Utilities.

The group will meet at luncheon Wednesday noon.

## STATIONERY, PUBLISHING, SCHOOL AND OFFICE SUPPLIES

CHAIRMAN:

Earl G. Sullivan, Metal Office Furniture Co., Grand Rapids, Mich.

VICE-CHAIRMAN:

George E. Osterhouse, Brown-Morse Co., Muskegon Heights, Mich.

Chairman Sullivan reports a good deal of the Group's time will be spent on Round Table Discussion. Among the many subjects that will be discussed are "The Sources of Credit Information," "Use of Credit Interchange Reports," "Credit Department Cooperation Among Members within Our Own Industry," and "Advantages of Local Credit Groups."

Mr. Sullivan is hopeful that the sessions of this group will be attended by a large number of credit executives in this industry. All credit executives in this line are cordially invited to attend this meeting.

## TEXTILES

CHAIRMAN:

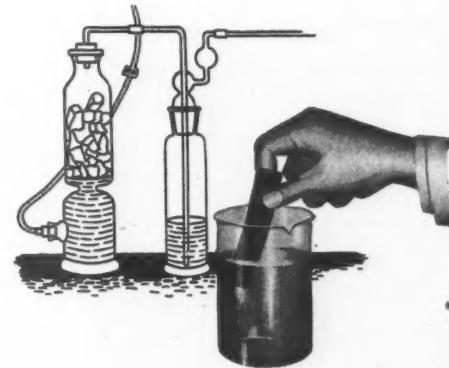
■ Wm. G. Betsch, William Iselin & Co., Inc., New York, N. Y.

VICE-CHAIRMAN:

Harry J. Delaney, Meinhard-Greeff & Co., Inc., New York, N. Y.

Chairman Betsch announces this Industry Group meeting is to be held on Wednesday, June 14th. Mr. Betsch

has prepared a program to occupy the attention of the Credit Executives in this Industry throughout the meeting. Among the subjects to be discussed are: "Co-ordinating the Credit and Sales Department," by J. E. Kohler of the American Fabrics Co., Bridgeport, Conn.; "Chapter Ten of the Chandler Act" by Mortimer J. Davis, Manager of the Adjustment Bureau of the New York Credit Men's Association, New York City, New York; and "Insurance Statement Form and Its Relation to Credit Men." This topic will be covered by a speaker experienced in insurance.



## Men Are Mysteries

Among chemistry's most delicate tests is blue litmus paper. Minutest traces of acid are detected by its turning red.

But there's no test delicate enough to reveal human weakness under temptation. Therefore, your firm's security—and that of firms to whom you pass credit—lies in Fidelity Bonds in a dependable, experienced institution, such as Standard Accident of Detroit.

A Standard representative will gladly measure your hazards and prescribe proper fidelity coverage, as well as protection against losses resulting from injuries to employees and public; automobile accidents; burglary and robbery; forgery; and similar hazards.

## STANDARD ACCIDENT INSURANCE COMPANY

Standard Service Satisfies . . . Since 1884

When writing to advertisers please mention Credit & Financial Management

# Group Solves Oil Problems

## California Producers Cut Credit Losses

By Floyd Glass, Manager Oil Division, Los Angeles A. C. M.

**G**As its major industry, the oil business of California presents also its major credit problem. Being highly specialized, quite hazardous, and extremely speculative, the search for "Black Gold" attracts the interest of many different types of operators.

During 1929 and 1930, California experienced one of the wildest of promotional activities, near Los Angeles in the townsite of Venice. Coincident with this development work, was a credit loss representing a staggering total which literally challenged the credit fraternity of this industry to *do something*. Informal discussion of their common problems by small groups was soon followed by regular trade group luncheon meetings, which served to establish a feeling of confidence among the various Credit Men.

Following closely upon the advantages shown through trade group contacts, the idea of centralized oil field credits was first inaugurated personally by the writer in a complete credit service to a small group of non-competitive supply companies. This soon demonstrated the plan as practicable and pointed toward the further advantages of establishing a central bureau under the auspices of the Los Angeles Credit Men's Association. A committee was formed and, following several weeks of careful planning and research, the Old Field Division took its bow on February 1, 1932. It is interesting to note that the original plan was found exceedingly practical and has been followed very closely during the seven years of consistent growth of this department.

The service, which caters specifically to the California oil industry, is maintained by nominal monthly dues from its members, and includes the following features:

**Daily Bulletin:** This sheet is issued

daily except Saturdays, Sundays and legal holidays, and includes the more important items of record which may affect the credit standing of oil operators in California.

**Special Reports:** Organization and credit information of a general nature is obtained by personal interview with the principals of new companies as formed, and other affiliations and antecedent information on principals is added, when available from references or local files, and forwarded to each member, attached to the Daily Bulletin of that date.

**Ledger Clearances:** Periodically, or as members make requests for the paying record of firms engaged in this industry, credit experience requests are sent to each member who then reports, showing his experience in dollars only, and returns it at once to the Division office.

**Past Due List:** It is the optional privilege of members to participate in a summarized monthly ledger report of all accounts within this classification. This listing is especially helpful in supervising collection work.

**Active Operators List:** On the first of each month a listing is forwarded, segregated by companies and showing by districts the development work then in progress in the California oil fields. Opposite the operators' name is a code letter which indicates their paying record as reflected at that time by information in the Division's files.

**Roster:** On March 1 and September 1 of each year, a complete list of the Oil Field Division membership is printed and forwarded to each member. For identification and customer's convenience, a Roster is also left with the party interviewed when obtaining the information for Special Reports.

**Guaranty Forms:** Many situations arise where seller wishes the payment

of his account further guaranteed by one or more responsible individuals. For this purpose the Division furnishes its members with guaranty forms, which, through experience, have proven very satisfactory and an additional credit safeguard.

**Inquiry Privileges:** A complete record of the aforementioned lists and reports, along with considerable additional information which passes through the Division office, is summarized and recorded on master files and is subject to reasonable credit inquiry privileges by the membership.

**Group Meetings:** On the third Tuesday of each month, the Oil Field Division regularly holds a luncheon meeting, the locale of which is suited to the majority. Special dinner meetings are occasionally arranged for the particular convenience of out-of-town members. Notices of all meetings are sent to each member, along with a convenient return card with which to make reservations.

**Extended Service:** By special arrangement, the Oil Field Division also offers its membership the privilege of securing mercantile credits reports on firms or individuals other than those engaged in the California Oil Industry. These reports are secured through a reputable reporting agency of national importance and may be obtained on an actual cost basis.

The ultimate aim of every Credit Manager should be to build good will and promote prosperity, and the measure of his success depends largely upon the reliability and accessibility of his sources of information. The Oil Field Division has thus dedicated its efforts toward establishing and maintaining stabilized credits in California's No. 1 industry. This all adds up to low bad debt losses and this in turn increases the percentage of profit.

## Streamlined Credit Forms

(Cont'd from P. 15) demonstrated to us that in the aggregate this policy is more beneficial than otherwise. Each month, a complete analysis is made of our entire accounts receivable, which is properly aged, and reports are sent to all district managers and department heads of our sales organization. This report is on our Form 250-General. This report is further broken down, and is furnished to respective territories on Form 249-General, so that, once a month, each representative receives a complete analysis of tardy accounts. This, of course, is given as sort of a supplement at the end of each month, because previously each representative receives copies twice a month of all statements sent to customers on accounts overdue in his territory, as well as copies of all correspondence to any customer, regardless of the size of the account, with the result that we have, I am pleased to repeat again, a very low average bad debt loss.

Frequently, we find the situation with respect to a customer's account warrants a personal call from the Credit Department, in which case full information is immediately sent to the District Manager and the territory representative, on a personal call report form, provided for that purpose, which gives details and reason for the call, results obtained and opinion formed as a result of that call. It is intended by the use of this report to aid materially in coordinating the efforts of the home office, the district office and the representative in the field.

Summarizing what has been said about the necessity of changing credit procedure to parallel the present merchandising methods, we find that the principal asset to any credit department is to be in a position to readily obtain facts and information with regard to prospective and new customers, and when that information is obtained, to use it at its face value, and not be persuaded or swayed by the desire to make just another sale, which always will reflect itself at the end of the year, when the charge-offs are made.

## AUDITORS! OFFICE MANAGERS!



Of Your  
Loose Leaf  
Binder  
Expense  
With

## JOYCE DOUBLE-DUTY FLEXIBLE SPRING POST SELF

### BINDERS

Serves for current use . . . then does double duty as a storage binder! Learn about the exclusive Joyce binder patent features which offer you this unusual saving, convenience, extra service, and is MADE TO FIT ANY SIZE SHEET OR FORM.

#### PROVEN ECONOMY!

QUARTER MILLION IN ACTUAL USE!  
SPECIAL OFFER: Just send us your sample sheet and get a JOYCE binder for your trial use. Or write for illustrated folder "Cutting Binder Costs 50 Percent."

Dept. N

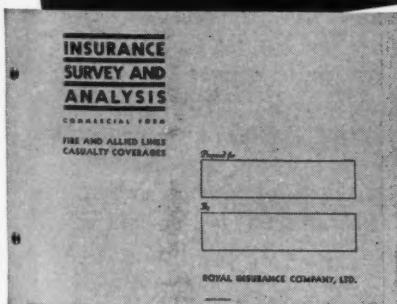
The Edward J. Joyce Filing Co.  
ESTABLISHED 1894  
10 W. WASHINGTON STREET CHICAGO

## "A CREDIT REPORT" on YOUR Insurance Set-up

COST-FREE and obligation-free you may obtain from any agent of the Royal-Liverpool Groups an Insurance Survey and Analysis which will—

- (1) show the insurable hazards peculiar to your business, the extent to which they are now covered, and a breakdown of your insurance costs;
- (2) point out any weakness in your insurance protection;
- (3) submit recommendations which may reduce the cost of your insurance program or provide for it more efficiently.

Why not let a local representative of the Royal-Liverpool Groups demonstrate his ability to serve you by means of such a Survey and Analysis?



# ROYAL-LIVERPOOL GROUPS

ONE HUNDRED FIFTY WILLIAM STREET, NEW YORK, N.Y.

AMERICAN & FOREIGN INSURANCE COMPANY • BRITISH & FOREIGN MARINE INSURANCE COMPANY, LTD. • CAPITAL FIRE INSURANCE COMPANY OF CALIFORNIA  
THE LIVERPOOL & LONDON & GLOBE INSURANCE CO. LTD. • THAMES & MERSEY MARINE INSURANCE COMPANY, LTD. • QUEEN INSURANCE COMPANY OF AMERICA  
THE NEWARK FIRE INSURANCE COMPANY • FEDERAL UNION INSURANCE COMPANY • ROYAL INSURANCE COMPANY, LTD. • STAR INSURANCE COMPANY OF AMERICA

When writing to advertisers please mention Credit & Financial Management

# How the Mind of the Debtor Operates

(Cont'd from P. 11) standing. For if steps must be taken to collect the account — if it is reported to the Retail Credit Bureau as still unpaid — don't you see how it is going to affect your credit?

I'm sure you don't want this — neither do I. So I'm writing you this last appeal to come in and talk it over with me, and see if we can work out some arrangement that will be satisfactory.

I'm sure we can, and I'm going to hold your account on my desk until March 31st. In your interest, come in or phone me before that date.

Sincerely yours,

As may be gathered from what has been said thus far, the basis of any appeal made to the debtor must be self-interest. To appreciate the force of this principle, let us examine a poor letter:

Dear Sir:

We are sorry to notice that you have not yet paid your bill of March 28th for \$36.10. If you will pay your account at once, we shall appreciate it, as we need the money. You are causing us to lose money by letting this bill remain unpaid.

You should see the justice of our attitude, and we feel certain you will send us your check in the course of the next few days.

Yours very truly,

This specimen is only an extreme example of a whole class of what might be called "the poor, dear company" letters. They picture the company as standing and wringing its hands at the faithlessness of the customer or as about to plunge into bankruptcy because his check has not been received. Such messages leave the reader as unmoved as a stone. "What is that to me? See thou to it" is the burden of his reply.

## Sympathy Appeals Lack Force

For the same general reason, appeals to sympathy or good will have little force. They work best when the delinquent's debt is small or when his basic credit situation is sound. A relatively high ethical type responds to an appeal to his sense of honor or fairness because it activates his want of approbation. An appeal to pride or to one's sense of good business is often successful because it activates the ego. A lower sort of appeal, but one nearly universal in its force, is that made to fear of losing credit reputation or fear of suit. To avoid, however, the destructive effect of such an appeal, the collection writer must so present it as to show that he uses it unwillingly and that he is still on the side of the customer. Following is a constructive example:

Dear Sir:

We have just finished reviewing carefully the entire file in connection with your unpaid account, and can see no reason whatever why payment should not be enforced. But before we change our collection procedure let's just go over the situation together:

After your account matured, we not only sent you a statement and a duplicate invoice, but wrote you four times without receiving the courtesy of an answer. A draft was drawn, but you have not paid it. Please try to look at our side of this as well as yours. Our letters have proven ineffective, we have no collector to call on you, and our only alternative is to employ an outside collection agency or attorney.

Knowing how seriously a merchant's standing in his

community may be affected when an account is reported in the hands of an attorney, we always endeavor, in the few cases of this kind that come up, to protect a customer by first notifying him fully of our intentions.

We still value your goodwill and dislike to write you in this manner; but we must tell you very frankly that the account will be placed for collection through other channels if not paid immediately. Your check mailed today will make such action unnecessary.

Yours truly,

The debtor, like everyone else, thinks of himself as a high ethical type and thinks that the credit department regards him as such. The collection writer must keep that picture fresh in the delinquent's mind. If the letter accuses him or implies discrepancies, it destroys his own self-regard and makes him feel that it is not worth while trying to preserve the credit manager's conception of him. It is therefore effective sometimes, after other efforts fail, to send him a letter signed by a writer higher up in the organization, because to do so saves his "face" and lets him deal with a man who does not know all the story of his delinquency.

## Humor Also Lacks Force

Accompanying this article are two collection letters sent out by *Time* magazine. One has a grave and responsible tone; the other attempts to catch the reader's fancy by the insertion of amusing pictures in place of words. The first message has force; the second lacks it. The amusing letter is an example of a class of messages which are inspired by the desire to make a novel and more interesting approach to the debtor. A letter of this type may enclose a string to be tied around the debtor's finger in order that he may not forget to send a check; it may be typed on a tiny letterhead because "the balance is too small for a large sheet"; it may use only half the letterhead, leaving the other half for the reply; it may tell an uproariously funny story and then ask for payment.

These and a hundred other similarly playful devices fail because they violate a cardinal principle of credit: that the credit obligation is a serious responsibility. The collection manager can hardly expect the customer to take his delinquency seriously if the firm does not do so. The debtor has just one natural reaction: "Well, the company is certainly pretty jolly about my account. If it's so good-natured, I don't need to send in my check for a while."

Necessarily unsystematic though this excursion into applied psychology has been, it has furnished us with a few rules for our future collection letters:

1. Find the want which can be activated.
2. If there is a conflict, solve it for the reader.
3. Penetrate the protective shield of rationalization.
4. Base the appeal on self-interest.
5. Preserve the debtor's ideal picture of himself.
6. Maintain a tone of seriousness and responsibility.

## Business Aide

If people would whistle more and whine less,

Hustle more and holler less,

Work more and worry less,

Boost more and knock less,

Give more and grab less,

Business would get better fast!

# Industry Group Meetings

(Cont'd from p. 44)

West Penn Power Co., Pittsburgh, Pa.

Representatives from over one hundred Public Utilities are expected at the Credit Congress of Industry. All important phases of Public Utilities Credit and Collection Work will be discussed.

Mr. R. W. Forwood, Consumers Power Co., Grand Rapids, will welcome Group Members.

Chairman Offer's program is being set up under three headings: 1. CREDIT PROBLEMS (a) "Should we accept guarantees?" (b) "When should deposits be refunded to customers?" 2. COLLECTION PROBLEMS (a) "Current overdue accounts" (b) "Monthly vs. Bi-Monthly billing, showing the difference in the cost and its effect on collections" (c) "Results of bills rendered net as compared with bills which include a discount allowance for prompt payment" (d) "Partial payments." 3. APPLIANCE CREDIT AND COLLECTIONS (a) "Time allowed on 'term sales' and the average down payment" (b) "Practices on Repossession of merchandise."

Prepared papers and discussions are being arranged on such subjects as "Bonus plan for paying collectors," "Final Billing. Should the final billing be eliminated when customer has moved and is using service at the new address"; "The use of outside collection agencies"; and "A National Clearing House Plan for the Public Utilities.

The group will meet at luncheon Wednesday noon.

## STATIONERY, PUBLISHING, SCHOOL AND OFFICE SUPPLIES

CHAIRMAN:

Earl G. Sullivan, Metal Office Furniture Co., Grand Rapids, Mich.

VICE-CHAIRMAN:

George E. Osterhouse, Brown-Morse Co., Muskegon Heights, Mich.

Chairman Sullivan reports a good deal of the Group's time will be spent on Round Table Discussion. Among the many subjects that will be discussed are "The Sources of Credit Information," "Use of Credit Interchange Reports," "Credit Department Cooperation Among Members within Our Own Industry," and "Advantages of Local Credit Groups."

Mr. Sullivan is hopeful that the sessions of this group will be attended by a large number of credit executives in this industry. All credit executives in this line are cordially invited to attend this meeting.

## TEXTILES

CHAIRMAN:

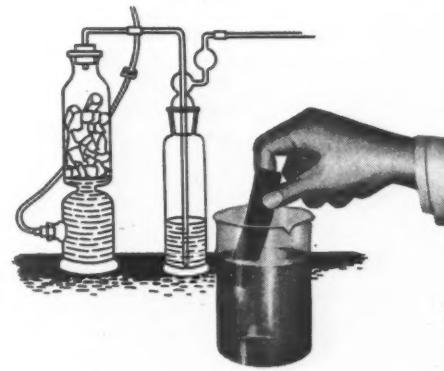
Wm. G. Betsch, William Iselin & Co., Inc., New York, N. Y.

VICE-CHAIRMAN:

Harry J. Delaney, Meinhard-Greeff & Co., Inc., New York, N. Y.

Chairman Betsch announces this Industry Group meeting is to be held on Wednesday, June 14th. Mr. Betsch

has prepared a program to occupy the attention of the Credit Executives in this Industry throughout the meeting. Among the subjects to be discussed are: "Co-ordinating the Credit and Sales Department," by J. E. Kohler of the American Fabrics Co., Bridgeport, Conn.; "Chapter Ten of the Chandler Act" by Mortimer J. Davis, Manager of the Adjustment Bureau of the New York Credit Men's Association, New York City, New York; and "Insurance Statement Form and Its Relation to Credit Men." This topic will be covered by a speaker experienced in insurance.



## Men Are Mysteries

Among chemistry's most delicate tests is blue litmus paper. Minutest traces of acid are detected by its turning red.

But there's no test delicate enough to reveal human weakness under temptation. Therefore, your firm's security — and that of firms to whom you pass credit — lies in Fidelity Bonds in a dependable, experienced institution, such as Standard Accident of Detroit.

A Standard representative will gladly measure your hazards and prescribe proper fidelity coverage, as well as protection against losses resulting from injuries to employees and public; automobile accidents; burglary and robbery; forgery; and similar hazards.

## STANDARD ACCIDENT INSURANCE COMPANY

Standard Service Satisfies . . . Since 1884

When writing to advertisers please mention Credit & Financial Management



## America's Finest

★ The chosen address of the most discriminating... home of the famous Zebra Room

Under the same management as the internationally famous Gotham, New York City; Drake, Chicago; and Blackstone, Chicago

A. S. Kirkeby, Managing Director



The Town house  
WILSHIRE BOULEVARD  
LOS ANGELES

When writing to advertisers please mention Credit & Financial Management

## What if You Had A Literal Stenographer

Just by way of cautioning you to be not hasty in orders to your employees, we report what happened at the office of Mr. Jasper K. Whurtel, president of the Whirlwind Laundry Co., Inc.

"Now, Miss Hatch," boomed Mr. Whurtel, "when I dictate a letter I want you to type it the way I dictate it and not the way you think it ought to be!"

"Yes, sir."

"All right. Take a letter."

Next morning Mr. O. J. Squizz of the Squizz Miracle Soap Co., received the following:

"Mr. O. K. or A. or J. Something, look it up. Squizz. President of the Squizz—what a name! Miracle Soap Co., the gyps. It's a miracle they stay in business. Detroit, that's in Michigan, isn't it? Dear Mr. Squizz: hmmmm... you're a hell of a business man. No, not that, he's a crook but the sorehead'll sue me if I insult him. The last shipment of soap you sent us was of inferior quality. Inferior—that's a laugh—it was garbage and I want you to understand... No, cross that out. I want you to understand, ah, er, that unless you can ship, furnish, ship, no, furnish us your regular soap—which is lousy enough—you needn't ship us any more, comma, period, or whatever the grammar is. This darn cigar is out again. And furthermore, where was I? We are sending it back period. Yours truly. Read it over, no never mind. I won't waste any more time on that bum. Sign my name."—Postage Stamp.

## Thank the Customer Who Kicks

**S**When your customer kicks, your service is amiss or he has misunderstood your responsibility to him or the value of your service, or your attitude toward him.

Every kick which is due to your dereliction, contains within itself a suggestion for improvement in the operation of your business.

Not every customer complains who should. The man who kicks expresses in definite tangible form, the thought,

unexpressed, that may be in the minds of many other customers.

Don't regard the kicker as a nuisance or a sore head. Treat him rather as one helping you find the weak spots in your business.

You cannot correct the shortcomings of your business unless you know what they are.

You cannot tell when things are going wrong with your customers unless they tell you.

The kicker helps you find out what people think is the matter with your business.

Don't give the kicker cause to kick a second time about the same thing.

And don't give anyone cause to kick about something concerning which somebody else already has kicked.

—From *Salestalks*.

## Recent Business Books

**PRACTICAL CREDIT ANALYSIS.** Third edition. By Eugene S. Benjamin. 180 large mimeographed folio. Published by author, 220 Fifth Ave., N. Y. C.

The first edition of Mr. Benjamin's treatise on credit analysis was reviewed in the November, 1933, issue of *CREDIT & FINANCIAL MANAGEMENT* under the title, "Gauging Capacity to Pay." In his first edition and carried through as the basis of his latest edition, Mr. Benjamin sets up the thesis that the current ratio does not indicate the capacity to pay, but that it is essential to consider the working capital in relation to the liability ratio in order to show this capacity. Mr. Benjamin also sets forth a simple and logical method of appraising a balance sheet so that the credit executive will have more than cold figures upon which to base his opinion.

In his first edition of "Practical Credit Analysis" Mr. Benjamin wrote for the attention of experienced credit executives, but in his revised third edition he has explained and elaborated many of his theories so as to make the treatise more adaptable for teaching purposes.

Mr. Benjamin's book has been used and approved by a large number of N.A.C.M. members who no doubt will be glad to know of his revised and enlarged edition.

# The business thermometer:

## Analysis of figures by Marketing Research Division, U. S. Dept. of Commerce

### Mfrs. sales maintain nearly 10% increase over last year

Sales of manufacturers during April were more than 9 percent above April 1938. This improvement over the corresponding period of last year continues a trend which was first noted last November.

During November and December gains of approximately 4 percent were shown by reporting producers. In January the increase over the previous January was nearly 13 percent while February and March levels were 9 and 10 percent higher respectively.

While this upward trend does not bring sales volumes up to the levels attained during the early part of 1937 just prior to the general business peak of that year, the steadiness of the gains seems significant. The present recovery movement does not appear to be characterized by abnormal fluctuations resulting from inventory speculation or other causes which frequently lay the groundwork for future declines.

Despite the knowledge that a certain impetus has been afforded manufacturing operations by "war" production in a number

of industries some spark of optimism is discernible from a close study of figures reported for these monthly surveys.

While the preceding comments are not equally true of all industries they are generally reflected in the figures for April. Every major group except Petroleum and Leather recorded marked gains from last April, the most improvement somewhat naturally being registered by those groups which declined most during last year's recession.

### Wholesale sales slightly above last April

The wholesale trade picture was not too bright in April, judging from reports made to the Bureau of the Census by 2,900 wholesalers located throughout the country. Sales during April exceeded last April by only one percent, and this despite the fact that last April was close to the low point of the 1938 recession.

Variation among the trades for which data are shown was very wide, percentage changes ranging from an increase of 26 percent for wholesalers of Metals to a

decline of 12 percent for wholesalers of Wine and Spirituous Liquors.

In general, increases were more predominant in the durable goods trades. In addition to Metals, Jewelry and Optical Goods wholesalers recorded an increase of 22 percent, and Industrial Supplies and Surgical Equipment distributors, increases of 14 percent each.

The difference between the April sales performance of durable and non-durable goods trades is accentuated somewhat by the fact that non-durable consumption goods sales held up somewhat better than durable goods during the early months of last year.

The inventory picture is much brighter. Stock declines from the same-month-a-year-ago have been recorded consistently since the beginning of 1938. Also, consistently lower stock-sales ratios have been recorded since last September.

However, the margin of decline in both series has been steadily narrowing since December indicating that a more normal balance of stocks has been attained.

That the replenishment of inventories for the maintenance of this more normal bal-

### MANUFACTURERS' sales and collections on accounts receivable, April 1939

Industry	Dollar Sales			Number of firms reporting credit data	Collection Percentages*			Total Accounts Receivable			
	Percent change April 1939 from		April 1939 (000's)		April 1939	April 1938	March 1939	Percent change April 1, 1939 from		As of April 1, 1939 (000's)	
	April 1938	March 1939						Apr. 1, 1938	Mar. 1, 1939		
Food and kindred products, total...	427	+ 7.0	- 9.6	\$66,012	307	123	120	135	+ 1.4	- 1.5	
Confectionery...	216	0.0	-14.1	16,483	125	117	119	137	+ 0.9	- 4.9	
Flour, cereals and other grain mill products...	29	-13.9	-12.5	5,843	24	21	26	146	- 7.4	+ 5.4	
Meat packing...	28	+ 2.3	- 6.2	7,034	25	166	168	178	+ 6.2	+ 4.6	
Distilled liquors...	8	+32.0	- 0.5	2,576	8	86	88	11	+13.4	+ 1.1	
Malt liquors...	9	+ 6.5	+ 0.3	5,492	8	169	160	176	+ 5.5	+16.0	
Wine...	25	+ 5.5	- 4.2	1,167	20	53	54	57	+ 4.7	- 1.2	
Other food products...	112	+17.6	- 9.6	27,417	97	127	119	137	- 0.1	- 4.8	
Textiles and their products, total...	126	+ 6.4	-14.3	24,097	118	63	58	70	- 4.7	+ 7.6	
Clothing, men's, except hats...	33	- 1.2	- 5.9	5,248	30	43	33	49	-13.4	+28.5	
Clothing, women's, except millinery...	18	- 2.2	-16.1	882	17	70	71	79	- 0.5	+14.2	
Knit goods...	11	+ 8.4	-13.6	2,136	11	75	67	80	+ 2.4	+16.4	
Other textile products...	64	+ 9.5	-16.7	15,831	60	69	66	74	- 2.1	+ 0.4	
Forest products, total...	75	+ 7.1	- 5.0	4,823	71	65	61	65	+ 1.2	+ 5.3	
Furniture...	39	+11.0	- 9.0	2,676	36	59	57	61	+ 5.1	+ 4.2	
Lumber, timber, and other miscellaneous forest products...	36	+ 2.7	+ 0.6	2,147	35	75	67	73	- 4.6	+ 7.3	
Paper and allied products, total...	100	+ 3.8	-14.1	13,059	88	92	99	105	+ 8.7	+ 6.0	
Paper, writing, books, etc...	24	+12.6	-13.7	1,573	17	79	78	85	+ 8.7	+ 3.3	
Paper, boxes and other paper products...	60	+ 1.9	-15.1	8,078	57	95	104	108	+ 7.8	+ 6.0	
Wax paper...	16	+ 4.5	-12.0	3,408	14	91	100	111	+11.2	+ 7.6	
Printing, publishing and allied industries...	58	+ 2.7	- 0.6	2,205	52	68	68	66	+ 8.6	+ 2.5	
Chemicals and allied products, total...	128	+ 8.2	- 3.5	14,094	116	66	64	64	+ 6.5	+ 5.8	
Paints and varnishes...	68	- 0.4	+ 3.0	4,433	64	53	53	45	+ 6.7	+14.8	
Pharmaceuticals and proprietary medicines...	23	+11.7	-12.2	1,611	21	63	61	70	+ 6.7	- 0.8	
Other chemical products...	37	+12.8	- 4.9	8,050	31	81	76	81	+ 6.3	- 0.8	
Petroleum...	18	- 2.7	-22.6	41,150	14	101	104	108	- 3.4	+ 0.5	
Rubber products...	14	+18.7	- 9.4	2,749	13	54	59	51	+26.3	+ 5.5	
Leather and its products, total...	107	- 0.1	-23.3	21,316	95	55	55	50	+ 7.6	+ 9.6	
Boots and shoes...	43	- 5.1	-27.5	14,881	39	49	50	43	+ 7.2	+11.7	
Leather: tanned, curried, and finished...	41	+14.7	-11.2	5,595	36	88	80	85	+ 8.5	- 0.7	
Other leather products...	23	+ 8.2	-11.6	840	20	76	74	81	+19.1	+ 6.7	
Stone, clay, and glass products...	58	+13.2	- 2.3	5,502	56	80	80	81	+11.2	+ 9.6	
Iron and steel and their products, total...	176	+31.9	-10.1	47,708	165	86	83	88	+29.7	+ 6.6	
Hardware...	19	+27.0	-16.7	3,135	18	70	75	79	+30.2	+12.0	
Stoves, ranges, steam heating apparatus...	27	+10.1	- 5.0	3,360	27	60	65	60	+19.8	+ 6.7	
Other iron and steel products...	130	+34.4	-10.0	41,213	120	90	86	92	+30.8	+ 5.9	
Non-ferrous metals and their products, total...	54	+22.6	-22.1	8,724	51	67	65	80	+20.3	+ 3.8	
Jewelry and jewelers' supplies...	28	+29.7	-28.9	3,539	26	58	55	76	+21.1	+ 0.3	
Other non-ferrous metals...	26	+18.2	-16.6	5,185	25	75	74	84	+19.6	+ 7.0	
Machinery, not including transportation equipment, total...	221	+13.3	- 3.7	40,857	198	61	60	64	+ 8.1	+ 4.5	
Electrical machinery, apparatus and supplies...	99	+14.8	- 4.2	24,728	88	62	60	66	+ 9.3	+ 2.1	
Other machinery, apparatus and supplies...	122	+11.0	- 2.9	16,129	110	60	60	61	+ 6.1	+ 8.9	
Motor-vehicle parts...	48	+32.0	- 5.0	5,895	44	81	73	84	+26.7	+ 6.1	
Miscellaneous industries...	79	- 3.8	- 6.5	11,382	68	70	71	75	- 0.3	+11.1	
Total.....	1,689	+ 9.4	- 9.5	\$309,573	1,456	78	77	83	+ 8.1	+ 5.2	
										\$363,197	

\* Collection percentages are obtained by dividing collections by accounts receivable for an identical group of firms.

ance has been cautious is reflected in the sales figures for manufacturers which have been showing relatively small gains but more steady ones than were recorded during the recovery period which reached its peak early in 1937.

Cost value of stocks on hand at the end of April, for the 1,726 wholesalers reporting this information, was 5 percent less than a year ago but approximately the same as at the beginning of the month.

Twenty of the trades showed decreases from April 1938. Slightly higher sales levels this April coupled with decreases in inventories are reflected in substantial decreases in the stock-sales ratios. For all trades combined the ratio was 179 for April 1939 as compared with 189 for April last year.

The ratio of collections on accounts receivable for 2,431 wholesalers reporting this information was on a level with April

1938. Collections during April amounted to 71 percent of total accounts receivable outstanding at the beginning of the month, the same ratio shown for last year, and was two points less than the 73 percent for March of this year. For each of the consecutive five months next preceding April collection ratios were higher than for the corresponding month of the previous year.

## All survey figures collected and compiled by U. S. Bureau of Census

### WHOLESALEERS' sales and inventories, April 1939

Kind of Business	Dollar Sales			End of Month Inventories (Cost)			Stock-Sales Ratio			
	Number of firms reporting sales	Percent change April 1939 from		April 1939 (000's)	Number of firms reporting stocks	Percent change April 1939 from		April 30, 1939 (000's)	April 1939	April 1938
		April 1938	March 1939			April 1938	March 1939			
Automotive supplies	190	+ 9.2	- 0.1	\$2,992	95	- 9.8	+ 1.3	\$4,013	253	290
Chemicals	16	+ 13.1	- 9.3	775	10	- 6.4	- 1.6	439	78	96
Paints and varnishes	36	- 1.5	+ 8.3	1,065	15	- 0.9	+ 4.3	876	233	203
Clothing and furnishings, except shoes	55	- 8.1	- 35.1	2,323	31	- 2.7	+ 0.5	1,516	199	194
Shoes and other footwear	40	- 6.0	- 20.8	10,200	25	+ 0.3	- 7.9	6,822	143	125
Coal	9	0.0	- 27.8	1,999	—	—	—	—	—	—
Drugs and drug sundries#	72	+ 1.7	- 11.3	7,229	48	- 2.9	- 0.2	10,063	219	230
Without liquor department	57	+ 2.6	- 11.9	5,188	35	- 2.2	- 1.0	5,690	197	208
With liquor department	15	- 0.4	- 9.6	2,041	13	- 3.7	+ 0.8	4,373	258	267
Dry goods	121	- 0.5	- 18.7	9,713	73	- 7.9	- 0.3	21,327	298	317
Electrical goods	321	+ 11.0	+ 5.3	17,507	268	- 3.4	+ 2.7	20,404	128	147
Farm products—consumer goods	97	- 1.8	- 2.8	3,999	66	+ 1.4	- 5.8	1,112	49	51
Farm supplies	7	+ 22.8	- 30.1	998	—	—	—	—	—	—
Furniture and house furnishings	51	+ 10.3	- 2.5	3,176	27	- 1.9	+ 6.2	4,717	211	237
Groceries and foods, except farm products	729	- 4.0	- 9.6	46,549	408	- 3.5	- 0.6	39,610	167	154
Meats and meat products	70	+ 12.6	+ 8.1	13,392	46	+ 14.4	0.0	1,088	50	45
Wines and spirituous liquors	29	- 11.6	+ 1.6	3,021	20	+ 2.7	- 5.7	4,549	166	142
Total hardware	441	+ 5.1	- 2.5	26,646	274	- 4.7	+ 0.2	52,658	283	275
General hardware	100	+ 2.9	- 2.5	17,502	102	- 4.6	0.0	38,971	300	322
Heavy hardware	21	+ 6.8	- 6.1	947	14	- 1.8	- 0.2	1,751	303	333
Industrial supplies*	128	+ 14.1	- 4.6	4,243	80	- 6.3	+ 0.8	7,385	259	323
Plumbing and heating supplies	132	+ 5.7	+ 0.6	3,854	78	- 3.3	+ 1.1	4,551	203	205
Jewelry and optical goods	57	+ 21.8	- 11.1	1,407	20	- 9.7	+ 1.0	2,955	405	537
Lumber and building materials	43	+ 6.1	+ 4.8	2,415	28	+ 2.3	+ 0.5	2,862	161	175
Machinery, equipment and supplies, except electrical	63	- 1.3	- 9.6	1,777	31	- 14.2	- 0.5	3,662	328	376
Surgical equipment and supplies	25	+ 14.0	- 5.6	586	18	+ 1.5	- 1.2	657	187	203
Metals	24	+ 26.0	- 0.9	2,296	17	- 9.9	+ 1.9	3,949	224	327
Paper and its products	105	+ 2.8	- 9.4	4,235	52	- 2.6	+ 0.6	3,984	181	192
Petroleum	14	- 5.1	- 5.0	2,224	10	+ 4.2	- 0.7	1,528	70	64
Tobacco and its products	188	- 2.5	- 2.6	13,166	75	- 16.4	- 4.3	3,614	52	60
Leather and shoe findings	11	- 5.8	+ 5.0	210	—	—	—	—	—	—
Miscellaneous	72	- 5.8	- 15.3	4,139	53	- 12.9	+ 4.1	5,146	146	156
Total	2,902	+ 1.3	- 7.0	\$185,109	1,726	- 4.8	- 0.3	\$199,563	179	189
										168

\* This heading also includes distributors of mill, mine and steam supplies.

\*\* Insufficient data to show separately.

# These Stock-Sales ratios are percentages obtained by dividing stocks by sales for an identical group of firms.

† Total Sales, including liquors, wines, etc.

### WHOLESALEERS' accounts receivable and collections, April 1939

Kind of Business	Number of firms reporting	Collection Percentages*			Total Accounts Receivable	
		April 1939	April 1938	March 1939	April 1, 1939	Percent change April 1, 1939 from
						As of April 1, 1939 (000's)
Automotive supplies	158	65	62	63	+ 0.4	- 0.2
Chemicals	15	63	61	68	+ 7.8	1,133
Paints and varnishes	34	49	51	50	+ 4.8	3,179
Clothing and furnishings, except shoes	50	47	43	49	- 6.4	5,304
Shoes and other footwear	36	47	46	42	+ 3.9	13,726
Coal	9	70	67	73	+ 2.0	3,757
Drugs and drug sundries	62	75	74	80	+ 3.8	8,256
Without liquor department	48	69	68	74	+ 3.3	6,032
With liquor department	14	91	92	98	+ 5.0	2,224
Dry goods	108	44	44	47	+ 0.8	21,714
Electrical goods	290	72	73	73	+ 8.2	20,514
Farm products (consumer goods)	75	143	147	152	- 0.5	2,088
Furniture and house furnishings	43	52	52	54	+ 12.2	5,125
Groceries and foods, except farm products	582	92	94	97	- 0.8	33,875
Meats and meat products	57	176	194	178	+ 14.7	4,000
Wines and spirituous liquors	25	92	101	100	- 7.9	2,830
Total hardware group	401	52	51	51	+ 2.4	43,175
General hardware	145	50	49	47	- 0.2	30,140
Heavy hardware	20	63	57	64	- 2.6	1,392
Industrial supplies**	112	64	64	65	+ 15.7	5,417
Plumbing and heating supplies	124	53	53	54	+ 6.3	6,226
Jewelry and optical goods	47	21	20	24	+ 3.9	3,764
Lumber and building materials	42	63	63	59	+ 4.6	3,356
Machinery, equipment and supplies, except electrical	52	50	51	50	- 5.7	2,552
Surgical equipment and supplies	34	46	47	49	+ 6.1	1,183
Metals	21	82	72	83	+ 1.9	2,397
Paper and its products	87	64	65	63	+ 6.0	6,114
Petroleum	12	90	92	89	- 3.0	1,988
Tobacco and its products	120	122	125	120	- 0.4	7,360
Leather and shoe findings	10	43	44	41	- 3.3	444
Miscellaneous	54	93	81	100	- 13.0	4,021
Total	2,431	71	71	73	+ 1.9	\$214,458

\* Collection percentages are obtained by dividing the collections by accounts receivable for an identical group of firms.

\*\* This heading also includes distributors of mill, mine and steam supplies.

## WHOLESALEERS' sales and inventories, by geographic divisions, April, 1939

Kind of Business and Region	April Dollar Sales			End of Month Inventories (Cost)			Stock-Sales Ratio <sup>#</sup>		
	Number of firms reporting sales	Percent change April 1939 from April 1938	April 1939 (000's)	Number of firms reporting stocks	Percent change April 1939 from April 1938	April 30, 1939 (000's)	April 1939	April 1938	March 1939
New England									
Electrical goods	163	-1.0	7.8	\$9,367	90	-3.3	-3.8	\$7,200	153
Groceries and foods, except farm products	28	+4.1	+7.9	937	23	+5.7	+0.8	1,445	158
Industrial supplies	26	-1.8	-4.6	1,617	12	-4.1	+4.2	674	157
Plumbing and heating supplies	16	+14.2	+4.8	369	11	-10.8	-0.2	840	198
Paper and its products	10	-8.2	-10.6	168	4	-10.1	-0.3	310	315
Tobacco and its products	7	+8.7	-4.3	199	4	+0.6	+1.1	180	314
Middle Atlantic	17	-7.4	-2.0	1,723	-	-	-	-	124
Automotive supplies	684	-0.1	-8.2	46,467	385	-5.0	-0.4	38,169	148
Clothing and furnishings, except shoes	33	+4.1	-5.8	678	15	-23.1	+4.2	971	153
Shoes and other footwear	23	-13.0	-36.1	1,596	11	+0.8	+0.4	488	200
Drugs (without liquor department)	12	-11.4	-27.2	825	5	+19.8	-6.7	1,476	120
Dry goods	44	+7.3	-20.8	2,645	23	-5.5	+0.7	3,895	228
Electrical goods	72	+10.3	+8.4	3,676	60	+6.4	+2.6	4,186	175
Farm products—consumer goods	17	-4.2	-7.4	912	10	-7.1	+2.2	92	191
Furniture and house furnishings	16	+13.3	-8.1	612	10	+7.6	-2.6	882	145
Groceries and foods, except farm products	117	-4.0	-11.5	10,089	49	-3.0	-1.7	4,565	130
Meats and meat products	21	+23.7	+8.1	4,651	15	+15.5	+2.0	313	30
General hardware	40	-6.0	-4.2	2,268	20	-4.2	-1.1	3,733	311
Industrial supplies*	36	+6.8	-14.1	911	24	-5.8	-0.6	1,567	208
Plumbing and heating supplies	53	+4.5	+2.2	1,166	34	-8.0	+1.8	1,395	164
Jewelry and optical goods	22	+32.0	-11.8	516	12	-10.6	-3.0	1,472	355
Lumber and building materials	10	-13.0	0.0	629	4	+7.3	+0.9	456	114
Machinery, equipment and supplies, except electrical									
Paper and its products	10	-2.7	-17.1	180	4	+5.9	+4.1	126	138
Tobacco and its products	33	+3.0	-14.4	1,624	16	+8.6	+3.3	1,182	125
East North Central	52	-7.8	-3.5	5,042	28	-25.9	-5.3	2,182	54
Automotive supplies	572	+2.6	-5.6	31,869	350	-4.6	-0.1	39,681	194
Paints and varnishes	49	+9.6	+2.2	549	26	-0.5	+0.7	1,026	275
Clothing and furnishings, except shoes	13	-10.0	+26.1	261	5	+6.7	+14.5	269	142
Drugs (without liquor department)	12	+9.5	-30.1	335	8	-9.9	-0.6	697	194
Dry goods	9	+1.1	-16.2	797	4	-11.8	-6.0	546	140
Electrical goods	62	+11.7	+2.6	3,869	50	-5.1	+0.9	4,258	128
Farm products—consumer goods	20	-5.2	+2.4	690	15	+9.3	-3.6	188	48
Groceries and foods, except farm products	123	-4.5	-9.8	8,706	71	-5.4	-3.4	8,079	150
Meats and meat products	17	-6.4	-4.5	1,245	17	+9.2	+2.5	532	37
General hardware	22	+1.1	+2.2	3,966	17	-8.9	+2.1	11,004	294
Industrial supplies*	26	+20.8	-8.4	1,097	16	-9.7	+2.4	2,167	220
Plumbing and heating supplies	20	+5.3	-3.5	789	11	+2.2	+1.1	1,371	313
Jewelry and optical goods	18	+17.5	-18.7	497	9	-12.3	+6.8	1,038	279
Lumber and building materials	9	+4.7	-13.7	359	6	-1.6	+2.1	546	180
Machinery, eqpt. & supplies, except electrical	13	+22.4	-12.6	284	7	-5.0	+0.8	266	168
Surgical equipment and supplies	7	+7.5	-14.9	260	5	+1.8	-1.3	229	109
Metals	10	+8.8	-11.9	718	6	-16.1	-0.2	1,171	239
Paper and its products	28	+3.6	-7.1	1,351	15	-5.7	-2.8	1,162	201
Tobacco and its products	51	+4.3	-1.3	3,382	20	+1.4	-1.1	806	47
West North Central	327	+0.7	-4.3	29,400	215	-7.1	-1.8	34,586	174
Automotive supplies	21	+9.2	+2.6	393	9	-9.5	+1.5	478	327
Dry goods	11	-2.7	-18.5	2,763	10	-10.5	-0.3	8,244	305
Electrical goods	41	+0.6	+10.4	2,107	38	-10.5	-1.7	2,307	128
Farm products—consumer goods	13	-4.8	-3.7	437	11	+8.6	+2.7	152	37
Furniture and house furnishings	9	+4.6	+2.5	1,077	7	-3.5	+13.1	2,284	237
Groceries and foods, except farm products	94	-5.8	-8.6	5,204	60	-5.1	-2.3	5,755	164
Meats and meat products	8	+11.7	+19.5	5,759	-	-	-	-	-
General hardware	13	+1.6	-6.7	3,196	12	-3.2	-3.3	7,938	250
Industrial supplies*	12	+5.7	+6.0	407	7	+4.6	+3.4	547	203
Plumbing and heating supplies	9	+1.2	+4.7	334	-	-	-	-	-
Jewelry and optical goods	8	+12.2	-4.3	110	6	+3.1	+2.7	263	427
Paper and its products	8	-1.0	-4.6	208	-	-	-	-	-
Tobacco and its products	16	+2.1	-1.2	720	9	0.0	+0.9	213	48
South Atlantic	340	+1.3	-10.7	16,110	190	+0.2	-0.2	17,094	149
Automotive supplies	15	+22.3	-0.3	340	9	+9.7	-1.6	306	213
Drugs (without liquor department)	14	+9.5	-11.0	1,017	7	-0.7	-2.2	1,059	169
Dry goods	13	-15.1	-25.1	667	7	-13.0	0.0	1,086	329
Electrical goods	41	+19.4	-3.3	2,097	37	+0.6	+8.5	2,527	116
Farm products—consumer goods	13	+15.3	+5.7	497	7	+25.5	-10.4	69	36
Groceries and foods, except farm products	111	-2.5	-11.0	4,387	46	+1.1	-0.5	3,307	143
General hardware	26	+3.9	-7.7	1,395	18	-0.1	-0.2	2,945	327
Industrial supplies*	15	+12.5	-9.2	315	9	-4.6	-1.6	624	235
Plumbing and heating supplies	21	+4.4	-3.5	662	18	+2.9	+2.4	860	169
Paper and its products	11	-1.7	-6.7	407	6	-14.4	-4.5	405	210
Tobacco and its products	14	+4.7	-5.7	697	4	0.0	-7.5	99	51
East South Central	156	+4.7	-11.5	8,112	84	-4.7	-0.4	9,316	178
Dry goods	13	-0.7	-23.4	680	8	-5.1	+0.1	1,370	206
Electrical goods	15	+26.6	-7.4	680	10	-5.0	+6.3	439	77
Groceries and foods, except farm products	51	-1.6	-12.4	2,263	20	-7.0	+0.1	1,585	145
General hardware	19	+7.9	-7.3	2,276	12	-7.4	-1.4	3,358	296
West South Central	246	+2.3	-5.6	14,992	166	-3.7	+0.3	23,336	215
Drugs (without liquor department)	7	+1.6	-15.0	634	5	-2.0	-0.8	1,552	234
Dry goods	12	+1.2	-18.2	1,172	11	-4.3	-1.0	3,409	323
Electrical goods	24	+7.4	+19.6	1,082	17	-7.8	+4.0	1,011	130
Groceries and foods, except farm products	121	-2.2	-7.5	7,346	88	+0.5	+0.6	8,564	165
General hardware	16	+21.8	+6.4	1,369	11	-2.8	-1.4	2,740	310
Machinery, eqpt. & supplies, except electrical	8	-1.7	-21.5	350	-	-	-	-	-
Tobacco and its products	11	-0.5	+1.6	442	-	-	-	-	-
Mountain	116	+2.4	-0.1	6,104	83	-7.5	+0.2	8,540	188
Automotive supplies	8	+5.8	+2.4	128	-	-	-	-	-
Electrical goods	12	+47.7	-5.1	483	10	+21.0	-1.8	587	126
Farm products—consumer goods	9	-4.1	+0.3	306	-	-	-	-	-
Groceries and foods, except farm products	41	-6.8	-6.9	2,259	35	-11.6	+1.0	3,457	174
General hardware	7	+6.4	+5.5	781	5	-10.3	-1.1	1,092	275
Pacific	297	+2.6	-4.0	18,584	163	-5.2	+2.6	21,641	228
Automotive supplies	51	+10.3	+2.8	768	24	-8.4	-0.4	851	264
Dry goods	14	-2.6	-9.7	787	5	-7.1	+0.4	821	304
Electrical goods	26	+9.3	+8.4	2,576	23	-13.5	+5.0	3,644	157
Farm products—consumer goods	16	-3.7	-9.5	940	11	-3.3	-8.1	564	72
Groceries and foods, except farm products	48	-5.5	-9.1	4,678	27	-0.1	+4.5	3,624	147
Meats and meat products	7	+13.1	-13.0	840	-	-	-	-	-
General hardware	12	+4.0	-1.3	2,053	7	-8.9	+3.3	5,610	363
Industrial supplies*	10	+0.5	-8.2	223	7	-8.5	-7.5	172	242
Plumbing and heating supplies	12	+20.1	+8.7	513	4	-8.5	-7.5	183	187
Lumber and building material	10	+9.8	+2.7	303	8	-0.5	-1.2	411	179
Machinery, eqpt. & supplies, except electrical	14	-7.7	-2.8	241	4	-2.0	+4.4	335	306
Paper and its products	8	+6.6	-14.0	129	4	-6.4	+7.4	467	403
Tobacco and its products	17	+8.4	-3.3	761	6	+38.3	-13.5	148	87

\* This heading also includes distributors of mill, mine and steam supplies.

- Insufficient data to show separately.

<sup>#</sup> These Stock-Sales ratios are percentages obtained by dividing stocks by sales for an identical group of firms.

**WHOLESALE ACCOUNTS RECEIVABLE AND COLLECTIONS, BY GEOGRAPHIC REGIONS, APRIL 1939**

Kind of Business and Region	Number of firms reporting	Collection Percentages*			Total Accounts Receivable	
		April 1939	April 1938	March 1939	Percent change April 1, 1939 from	
					April 1, 1938	March 1, 1939
New England	143	67	64	67	- 1.7	- 0.5
Electrical goods	26	72	74	71	+ 5.6	+ 3.5
Groceries and foods, except farm products	22	72	65	71	- 8.4	- 7.2
Industrial supplies**	14	63	53	61	+10.2	0.0
Plumbing and heating supplies	9	40	40	41	+ 6.7	+ 8.8
Tobacco and its products	11	125	122	121	- 6.2	- 3.3
Middle Atlantic	579	78	78	82	+ 0.9	+ 3.8
Automotive supplies	26	55	68	56	0.0	- 1.8
Clothing and furnishings, except shoes	19	46	42	47	- 7.1	+ 1.4
Shoes and other footwear	12	43	44	37	+10.8	+15.3
Drugs (without liquor department)	11	66	67	70	+ 3.3	+ 2.6
Dry goods	38	52	51	55	+ 6.6	+ 0.1
Electrical goods	68	80	79	83	+ 1.9	+ 6.1
Farm products (consumer goods)	13	161	167	173	0.0	+ 5.5
Furniture and house furnishings	12	50	54	54	+14.2	+11.9
Groceries and foods, except farm products	91	92	97	102	+ 1.1	+ 1.1
Meats and meat products	17	170	162	163	+14.6	+ 5.6
General hardware	35	42	43	41	- 3.3	+10.0
Heavy hardware	6	61	62	59	+ 2.5	+ 9.0
Industrial supplies**	31	70	71	73	+16.4	+ 8.8
Plumbing and heating supplies	51	49	52	50	+ 6.1	+ 3.4
Jewelry and optical goods	17	20	20	22	+ 7.0	+ 3.8
Lumber and building materials	10	64	65	63	- 5.5	+16.9
Machinery, equipment and supplies, except electrical	9	71	63	67	-10.8	+11.4
Surgical equipment and supplies	6	31	29	33	+ 7.2	+ 4.5
Metals	6	90	76	86	+ 3.2	+ 0.6
Paper and its products	26	61	62	62	+11.5	+ 5.6
Tobacco and its products	39	127	130	141	- 3.7	+ 6.3
East North Central	474	69	67	71	- 0.2	+ 5.3
Automotive supplies	44	64	58	63	+ 2.1	+ 4.5
Paints and varnishes	12	23	26	16	+ 3.8	+24.3
Clothing and furnishings, except shoes	11	58	49	66	- 9.8	+18.7
Drugs (without liquor department)	8	70	67	77	+ 4.3	+ 1.4
Dry goods	9	46	46	49	- 3.0	+ 5.7
Electrical goods	54	66	65	67	- 3.4	+ 1.6
Farm products (consumer goods)	14	134	142	144	+ 1.9	+ 7.4
Groceries and foods, except farm products	98	91	90	96	- 3.8	+ 1.7
Meats and meat products	14	143	133	148	- 3.1	+ 0.2
General hardware	21	50	50	47	- 2.8	+10.1
Industrial supplies**	25	63	64	66	+21.4	+12.0
Plumbing and heating supplies	18	55	52	55	- 0.8	+ 8.9
Jewelry and optical goods	16	21	20	27	+ 4.9	+ 8.4
Lumber and building materials	9	61	58	51	+18.0	+13.1
Machinery, equipment and supplies, except electrical	11	52	59	57	0.0	+ 9.4
Surgical equipment and supplies	6	56	58	58	+10.1	+ 7.2
Metals	8	72	62	80	-11.0	+12.9
Paper and its products	25	71	70	67	+ 3.4	+ 2.8
Tobacco and its products	30	117	118	121	+ 3.9	+ 0.8
West North Central	278	70	73	71	+ 2.4	+10.0
Automotive supplies	13	64	61	55	+ 8.8	- 2.5
Clothing and furnishings, except shoes	8	43	41	46	0.0	+23.7
Dry goods	11	44	44	46	- 0.3	+ 3.3
Electrical goods	39	71	65	68	- 8.6	+ 4.9
Farm products (consumer goods)	9	204	195	196	-11.8	- 5.7
Furniture and house furnishings	9	53	55	55	+20.2	+11.5
Groceries and foods, except farm products	76	109	120	109	+ 3.3	0.0
Meats and meat products	8	201	265	205	+23.4	+ 3.4
General hardware	13	49	50	47	+ 2.0	+15.4
Industrial supplies**	10	52	63	55	+25.7	+ 7.0
Plumbing and heating supplies	9	56	56	55	- 1.3	+ 8.3
Jewelry and optical goods	7	35	33	36	- 5.9	- 1.4
Paper and its products	7	67	69	68	+ 0.7	+ 5.6
South Atlantic	265	67	69	69	+ 8.9	+ 2.5
Automotive supplies	10	65	55	61	+ 7.5	- 8.7
Drugs (without liquor department)	11	87	87	92	+ 9.0	+ 0.9
Dry goods	9	40	42	43	- 3.7	0.0
Electrical goods	40	71	83	72	+48.7	+ 2.1
Farm products (consumer goods)	11	140	134	135	+ 8.5	+ 4.9
Groceries and foods, except farm products	76	96	100	101	+ 0.4	- 0.8
General hardware	26	45	44	46	+ 0.3	+ 1.1
Industrial supplies**	11	58	58	54	+11.8	- 1.9
Plumbing and heating supplies	20	55	57	55	+17.3	+10.3
Paper and its products	8	62	63	60	+ 3.5	- 5.0
Tobacco and its products	8	94	100	104	+10.5	+ 4.8
East South Central	125	59	59	61	+ 5.4	+ 5.6
Dry goods	12	39	40	42	- 1.0	+ 2.4
Groceries and foods, except farm products	38	86	88	95	- 2.9	+ 4.7
General hardware	16	53	51	49	+ 2.6	+ 3.9
Industrial supplies**	6	69	63	68	+ 3.2	+ 4.6
West South Central	216	67	66	70	+ 1.3	+ 4.1
Dry goods	12	37	36	38	- 2.8	+ 4.0
Electrical goods	20	83	83	83	+13.0	+12.9
Groceries and foods, except farm products	109	90	93	97	+ 3.1	+ 4.5
General hardware	14	62	56	56	+ 4.7	+ 5.3
Machinery, equipment and supplies, except electrical	7	32	26	30	- 6.9	- 1.0
Surgical equipment and supplies	6	50	50	54	+ 2.5	+ 7.0
Tobacco and its products	8	93	93	84	+ 2.7	- 3.5
Mountain	98	74	73	76	- 0.7	+ 6.8
Automotive supplies	7	50	47	49	- 1.7	+ 7.6
Electrical goods	11	77	77	76	+55.7	+ 6.8
Farm products (consumer goods)	8	99	102	106	-11.7	+ 1.2
Groceries and foods, except farm products	34	89	86	98	- 8.7	+ 5.4
General hardware	5	47	45	40	+ 5.9	+ 4.7
Pacific	253	70	72	75	+ 4.0	+ 7.7
Automotive supplies	47	81	67	78	- 5.5	+ 1.1
Dry goods	12	51	50	59	+ 3.2	+ 8.2
Electrical goods	20	72	74	74	+ 3.7	+ 3.2
Farm products (consumer goods)	13	136	142	149	+ 3.1	-10.2
Furniture and house furnishings	6	55	54	58	+ 9.9	+12.5
Groceries and foods, except farm products	38	86	94	94	+ 1.0	+ 4.3
Meats and meat products	6	181	199	216	+15.4	+ 9.6
Wines and spirituous liquors	6	89	99	103	+17.1	+28.1
General hardware	11	54	51	52	- 1.7	+11.8
Industrial supplies**	10	58	59	54	+18.7	+14.9
Plumbing and heating supplies	10	63	62	66	+10.7	+10.7
Lumber and building materials	10	53	59	51	+16.9	+ 9.2
Machinery, equipment and supplies, except electrical	9	38	56	40	+ 3.3	+ 5.0
Surgical equipment and supplies	4	41	32	45	+ 3.5	+ 3.5
Paper and its products	6	49	53	56	+ 4.8	-11.7
Tobacco and its products	12	112	118	124	+16.3	+ 6.8

\* Collection percentages are obtained by dividing the collections by accounts receivable for an identical group of firms.

\*\* This heading also includes distributors of mill, mine and steam supplies.

STATES COMPRISING REGIONS: New England—(Conn., Me., Mass., N. H., R. I., Vt.); Middle Atlantic—(N. J., N. Y., Pa.); East North Central—(Ill., Ind., Mich., Ohio, Wisc.); West North Central—(Iowa, Kans., Minn., Mo., N. Dak., S. Dak.); South Atlantic—(Del., D. C., Fla., Ga., Md., N. Car., S. Car., Va., W. Va.); East South Central—(Ala., Ky., Miss., Tenn.); West South Central—(Ark., La., Okla., Texas); Mountain—(Ariz., Colo., Idaho, Mont., Nev., N. Mex., Utah, Wyo.); Pacific—(Cal., Ore., Wash.).